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THE LEAGUE'S BUSINESS

Report of the Nominating Committee.—The Nominating Committee has reported the following list of candidates to be submitted to the membership at the annual business meeting at the Hotel Statler, Buffalo, November 9, beginning at 12:30 P.M.

For president: Murray Seasongood, Cincinnati
For first vice president: * Louis Brownlow, Chicago
For second vice president: * Mrs. F. Louis Slade, New York

For honorary vice presidents:

Henry J. Allen, Wichita, Kansas
*Charles A. Beard, New Milford, Conn.
*H. L. Brittain, Toronto, Ont.
*Harry F. Byrd, Winchester, Va.
Frederic A. Delano, Washington, D. C.
*Samuel S. Fels, Philadelphia
*John M. Gries, Washington, D. C.
*A. R. Hatton, Evanston, Ill.
*John R. Haynes, Los Angeles
Frank O. Lowden, Oregon, Ill.
*C. E. Merriam, Chicago
*W. B. Munro, Pasadena, Calif.
*Frank L. Polk, New York
*Thos. H. Reed, Ann Arbor, Mich.
*Chester H. Rowell, Berkeley, Calif.
*Miss Belle Sherwin, Washington, D. C.
*Silas H. Strawn, Chicago
*A. Leo Weil, Pittsburgh
Arthur Woods, New York

For members of the council for the three-year term expiring in 1934:

*Henry Bentley, Cincinnati
Richard S. Childs, New York
*C. A. Dykstra, Cincinnati
*J. W. Esterline, Indianapolis
O. Max Gardner, Raleigh, N. C.
J. Catron Jones, Lexington, Ky.
*Samuel C. May, Berkeley, Calif.
*Lawson Purdy, New York
*Howard Strong, Wilkes-Barre, Pa.
*Lent D. Upson, Detroit

For member of the council for the unexpired term ending in 1933:

Seymour P. White, Buffalo

* Precedes the names of those renominated.

The Nominating Committee also suggests that the convention designate Richard S. Childs, retiring president, as chairman of the council. The Nominating Committee reporting the above list of candidates is as follows: Louis Brownlow, Chicago, *chairman;* Harold S. Buttenheim, New York City; C. A. Dykstra, Cincinnati; Mayo Fesler, Cleveland; Charles E. Merriam, Chicago.

Portland Prize for 1931.—A prize of $25 is awarded annually to an undergraduate student in Reed College, Portland, Oregon, for the best essay on a phase of municipal government and administration. The National Municipal League acts as custodian of the fund from which the prize is derived and annually selects the judges of the contest. The 1931 award goes to Richard C. Bernhard who wrote an essay on the subject: "A Study of the Assessment of Property in Multnomah County." Frank Glenn Barlow, who wrote on: "The Tualitan Tunnel," and Maurice J. Ostomel, whose subject was: "The Municipal Court of the City of Portland," tied for second place.

The judges of the contest were Roy A. Knox, director, Bureau of Budget and Efficiency, Los Angeles; Professor Joseph P. Harris, University of Washington; and Professor Austin F. Macdonald, University of California.

RUSSELL FORBES, *Secretary.*

NATIONAL MUNICIPAL REVIEW

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EDITORIAL COMMENT

How are cities adjusting themselves to the economic depression? Are budgets and taxes being reduced; are assessments being revised to meet lowered values; are wages being cut; are cities planning ahead with proper foresight; are many threatened by financial disaster?

These are some of the questions answered by Mr. Bird in this issue. His article is based upon reports from 135 cities to the Municipal Administration Service. It is an abstract of a longer bulletin published by the M. A. S. (261 Broadway, New York), now available at 25 cents per copy.

*

The address by Senator Morrow on community planning, which appears in this number of the REVIEW, was delivered a few days before his death at a dinner sponsored by the Trenton Engineers' Club on the occasion of the presentation of the Mercer County (New Jersey) plan report to the public of the county. It was the next to the last public appearance of a leader who was interested in the science of government as well as the practice of politics. Although delivered to the people of Mercer County, his remarks are in fact directed to the whole nation. We cannot recall a more impressive or sane plea for planning, even from the lips or pens of the so-called experts in the field. A member of the governing committee of the Regional Plan of New York and Its Environs since the beginning, Senator Morrow believed in community planning. With characteristic courage he did not hesitate to place the complete power of his influence and office at its service. If any man doubts the importance of planning or is disheartened by accomplishments to date, let him read Senator Morrow's brief speech and be reassured.

*

Stephen B. Story, City Manager of Rochester, New York, writing in *Public Management* on the experience of his city in emergency relief work, estimates that any city can reasonably expect a 70 or 75 per cent return for money expended to provide work for the unemployed. In Rochester the greatest loss in efficiency from a commercial standpoint was the grading done entirely by hand labor. Wages for such labor were fixed at 45 cents an hour, and for the trades in accordance with the union rate.

*

In the Notes and Events department of this issue William P. Lovett, author of the article, "Detroit Feeds Its Hungry" in the July REVIEW, commends Mr. Book's article in the September number on the work-wage plan adopted for poor relief in Indianapolis. At the time that Mr. Lovett's article was written Detroit had made little

effort to provide public work for the unemployed. The difficulty, according to Mr. Lovett, was the large number of families directly aided by the city.

In the past few months, however, the families aided have been cut from 47,000 to 18,000 or less, and the work-wage plan inaugurated. The city government now undertakes to give work to men who receive help, thus eliminating the dole feature of relief.

It must, of course, be admitted that the unit costs of public works are greater than they would be in ordinary times, but Mr. Book insists that the efficiency of labor in Indianapolis has been maintained on a par with that of city labor under normal conditions. The justification is that it keeps men at work and secures some return, if only 40 cents on the dollar, for the expenditures made necessary by reason of unemployment.

*

A man who ought to know has told the editor that he strongly suspects that a large share of our lawyers have a hankering for judicial office, and that this un-sublimated wish helps to explain the lawyers' satisfaction with the elective method of choosing our judges. As evidence for the first half of his statement he cites recent Los Angeles experience. Not long ago, when fourteen new places in the local trial courts were to be filled, the governor of California received petitions and applications in the interest of 1,200 different Los Angeles County lawyers. In other words, about one-sixth of the entire bar of the county were actively seeking judicial office.

There is growing dissatisfaction with present methods of judicial selection in the United States which makes the joint committee, composed of representatives of the National Municipal League, the American Judicature Society, and the Johns Hopkins Institute of Law, exceptionally timely. This committee, under the chairmanship of Dean Justin Miller of the Duke University School of Law, convened for the first time in connection with the annual convention of the American Bar Association at Atlantic City.

*

There's Life In the Small Town Yet

Does the future belong to the city? In a sense it does. The 1930 census reports that the drift away from the farm is continuing, and everyone knows that, more than ever before, big city styles and manners of thought and living are imposing themselves upon the small town. Unquestionably the United States is changing from a rural to a city civilization in which the big cities will lead. But no one believes any longer that the small town will dry up and blow away. Dr. Julius Klein and the department of commerce say it won't, and although their reputation for accurate prophecy is not so luminous as it was two years ago, in this case they can be trusted.

Consider good roads, for example. At first they appeared to spell the doom of small town commerce and industry. Today the opposite seems true. Tourist business has become an important part of a small town's trade. Easy communications have enabled many a manufacturer to flee from the costs and troubles of the city to the economies and amenities of the town. The wider distribution of cheap power, obviously, will accelerate this trend. Every chamber of commerce secretary eager for new factories for his city knows that smaller places are often his most serious competitors.

If the industrial future of the large city is questionable, there can be no doubt, however, about its continued commercial supremacy. Where people are gathered together in largest num-

bers there is the best market found. The large city will also remain the seat of the arts and the professions. Political leadership, also, will belong to the city; the day of the log cabin statesman is past.

But for many people growing cities spell diminishing returns in both business and happiness. The smaller town offers coveted delights at a price which the modest man can afford. In it he can play both ends against the middle; he can take his choice of that which the city and the country have to offer.

To the city we look for stimulation. City people live on a higher tension and as a class may be inclined to instability and neurosis. Against the danger of city excesses we can place the revivified small town, as an understanding stabilizer to keep our civilization from jumping the track.

The small town's revival, however, brings with it new responsibilities. Its government must supply novel and multitudinous services with which the older generation did not have to trouble itself. Small town government has been traditionally slovenly and visionless. But it cannot continue so in the face of present opportunities. The manager plan is the small town's hope in government for the new age. Theoretic arguments have been leveled against the plan as applied to big cities, but for small towns it is an open and shut proposition.

*

How Big Is a Metropolitan Area? The bureau of the census reports that 44.5 per cent of the total population of the United States now lives in 95 metropolitan districts boasting 54,589,972 inhabitants. Within these districts, however, only 70 per cent of the people reside within the legal limits of the central cities, which constitute only about one-tenth of the total area of the regions. In 1930 the census bureau for the first time included in its list of metropolitan districts those with a central city of less than 200,000 population, the lower limit now being 100,000. In addition to the central city or cities the districts now include all adjacent civil divisions having a population density of 150 per square mile and usually any civil divisions of less density directly adjacent to the central cities, or entirely or nearly surrounded by minor civil divisions having the required density. This is essentially the same definition as that applied by the census bureau in determining the boundaries of metropolitan districts in 1910 and 1920, except that the area then included within the metropolitan district was limited to that within 10 miles of the central city's boundary. For the 1930 census the 10-mile limit was abandoned, the distance to which the district might extend being unlimited so long as the population density requirement of 150 per square mile was fulfilled.

For the 1930 census the bureau made a definite but unsuccessful effort to develop a new definition of what constitutes a metropolitan area. In coöperation with the United States Chamber of Commerce, it invited local chambers to assist by submitting maps indicating what in their judgment the boundaries of their areas should be. Among the stipulated control factors were: Area from which people travel daily to and from the central city; area in which retail stores make regular free deliveries; area served by electric light and power from the central city; area served by the telephones operating from the central city as a base; area served by city water; area of mail delivery by city mail carriers; and area of residential membership in social and athletic clubs.

All but 20 of the chambers of commerce of the 95 metropolitan districts

responded by supplying more or less complete data, including maps drawn with reference to the various control factors. However, after a careful examination of this material, the census bureau found that a good many adjustments—some of them rather radical—would be necessary in order to place the districts on a uniform and comparable basis. Governmental agencies cannot appear to be acting in an arbitrary manner, and in order to establish a basis which would not seem to rest upon any particular judgment or opinion, some single test was used which would obviously apply impartially to all cities.

In the mind of the census bureau this meant reliance upon a single control factor, and density of population seemed most satisfactory. In the great majority of cases, states Director W. M. Steuart, the metropolitan district as established by the density rule doesn't differ materially from the district established by the chambers of commerce. In eight instances it gives a larger population; in 28 cases it reduces the population by less than 15 per cent; in only 13 instances does it make a reduction of more than 10 per cent under the population of the district as defined by the local chamber of commerce.

In abandoning the 10-mile limit, the census bureau has taken a distinct step forward towards a more realistic definition of our metropolitan areas. It is unfortunate that other criteria could not be considered. A metropolitan region is a pretty definite social and economic unit with distinct possibilities for unified political control. But such a region is not properly defined by population density alone, and while the census statistics are useful for comparative purposes, they alone cannot be considered as determinants of the actual metropolitan area. Perhaps a metropolitan area is as much a state of mind as a geographical expression and to this state of mind many influences other than population contribute.

The new method of drawing boundary lines for metropolitan districts has already encountered criticism. For example, the New York metropolitan district comprises 2,541 square miles in 3 states and is inhabited by 10,901,424 people. Of these almost 3,000,000 dwell in the scores of New Jersey municipalities included in the New York district. Hoboken is the most densely populated city in the entire district, and Jersey City's ratio is higher even than the average for the borough of Manhattan. But both these cities, as well as various other municipalities in North Jersey, are extremely self-conscious and their chambers of commerce have expressed strong opposition to the action of the census bureau in including them in the New York area. Municipalities in eight New Jersey counties are now reckoned to be in the New York region. Many of them are still unconscious of being members even of a North Jersey region and they resent being used to fatten the population figures for the New York district.

HEADLINES

Seven cities will vote on the manager plan in October and November. They are: Orange City, Florida; Ashland, Kentucky; Nutley, New Jersey; Hornell, Schenectady and Utica, New York; and Toledo, Ohio. In Toledo, voters will have to choose between two manager plans—one providing for a council of nine members with four elected at large and five from districts, and the other providing for a 21-member council elected from wards with boundaries as at present.

* * *

A three-county consolidation will take place in Georgia on January 1, Milton, Campbell and Fulton counties uniting. The merger will make Fulton the most heavily populated county in the state, with 334,000 inhabitants, and the second largest in area, containing 341 square miles of territory. Georgia like many other states is suffering from chronic countyitis, having 161 counties.

* * *

A deficiency of $7,000,000 in the sinking fund reserve on outstanding city bonds is reported by the Jacksonville, Florida, Bureau of Public Research. Another argument for the advocates of serial bonds!

* * *

No more will confiscation of property by the polite method of special assessments wear the cloak of progress in California. "No, never? Well, hardly ever." Any project to be paid for by special assessment may be halted for one year by protest of a majority of the taxpayers affected under the terms of a recent act of the legislature. The special assessment that may be levied upon any single piece of property is also limited by the bill.

* * *

One hundred and thirty-seven candidates are in the race for city council jobs in Cleveland. From five to seven positions are to be filled in each of the four districts. Another ballot that might be shorter!

* * *

Far from tradition but in line with the growing tendency in this country is the advertisement of the city of Calgary, Canada, seeking applicants for the job of business manager of the city. According to the advertisement which was published in the MUNICIPAL REVIEW of Canada, "Canvassing of aldermen or city officials will be considered a disqualification."

* * *

Circulation of petitions to place on the ballot next fall a proposed amendment to the Michigan constitution apportioning the house of representatives on a population basis, and empowering the secretary of state to make reapportionment after each federal census, has been authorized by the Wayne County board of supervisors.

* * *

Character, like skyscrapers, can be built from the ground up is the opinion of William J. Bogan, superintendent of Chicago schools, who has a committee at work studying the problem of civic education with a view to recommending a comprehensive plan for civic training for all grades in the public schools.

Legislation providing optional forms of government for Virginia counties will be recommended to the 1932 legislature by the state commission on county government, of which Dean Robert H. Tucker of Washington and Lee University is chairman.

* * *

Adoption by the Washington legislature of a state-wide city manager enabling act is urged in a report by the special city manager committee of the Seattle Municipal League.

* * *

Many Alabama teachers have not been paid since December, 1930, according to a protest to the governor by the Haleyville Civitan Club.

* * *

The manager charter of Ventura, California, was recently held invalid by the state Supreme Court because of the failure of the city council prior to the election to publish a legal advertisement saying that copies of the charter in pamphlet form were available at the city clerk's office, if reports are correct. Looks like another Indianapolis decision!

* * *

Property in Utah assessed by the state increased 50 per cent in value in the last nine years, whereas property assessed by the county decreased 11 per cent in the same period, according to the *Utah Taxpayer*.

* * *

Cleveland cigarette dealers have never heard it, but would agree with John Marshall's statement that the power to tax is the power to destroy. Cigarette sales have dropped from 5 to 25 per cent since the two-cent state cigarette tax went into effect, it is estimated.

* * *

A 10 per cent pay cut for all Philadelphia employees earning $3,000 a year or less, except policemen, firemen and park guards and a 25 per cent slash for those receiving more than $3,000 a year, has been recommended by Mayor Mackey in his budget message to the city council. A saving of $2,750,000 in one year would be made by the proposed reductions.

* * *

Increase in the municipal gasoline tax, from one-half to one cent a gallon and a boost in the city automobile license fee to one-third of the amount of the state license, is approved by the St. Louis board of estimate and apportionment.

HOWARD P. JONES.

THE VALUE OF COMMUNITY PLANNING

BY DWIGHT W. MORROW

A few days before his death Senator Morrow delivered the following address before a dinner in Trenton held under the auspices of the Engineers' Club for the presentation of the County Plan to the people of Mercer County, New Jersey. Senator Morrow had no opportunity to correct the stenographic report of his remarks which are here reproduced, but REVIEW *readers will recognize in them an inspiring argument for city, county and regional planning by one whose broad understanding of public affairs makes his passing a national calamity.* :: :: :: :: :: :: :: :: ::

YOUR chairman in introducing me as delivering an "address" to you really is going back quite a little upon his promise and his invitation to this splendid meeting!

It is true that I am interested in planning, and particularly in community planning. At this time, when so many of us are reaching out to get somebody to make a plan for the whole world, or for the whole country, it is a very refreshing and a very encouraging thing to come into a community that is making a careful plan for itself rather than believing that by some miracle, someone, somewhere, far enough off, can make a plan for everybody.

It is true that for a while I was, and still am, in a way, associated with the regional plan at the other end of our state. A body was created some ten years ago, taking in Connecticut, New York City, Long Island and New Jersey, stretching down to Mercer County. I can remember that just about ten years ago in New York we had a meeting of this kind to present a preliminary outline of what we were trying to do. Mr. Hoover, who was secretary of commerce then, came up and talked about planning. Former Secretary Root spoke from his wide experience of New York—I think he said at that time he had lived almost sixty years in that uncomfortable gridiron and he was anxious to do what he could to make a more intelligible plan for the next generation. The late Charles D. Norton, who was chairman of the committee and who had been associated with Mr. Burnham in the plan for the city of Chicago, was made chairman of a committee, and the regional plan of New York was instituted. For ten years they have been working on that, and have published many volumes.

THE REAL COST IS THE COST OF NON-PLANNING

Now, the thing that interested me about that particular project at the outset was that it was not an expensive proposition. I don't like to say that a plan does not cost anything, because anything that is worth while on this earth costs something. But I do think it is quite demonstrable that the real cost in building up a community is the cost of non-planning.

I remember that when the figures and estimates were made for the regional plan at the other end of the state it was stated that New York City and its environs would probably

expend one hundred million dollars a year in public work in the next decade. Now that is a great deal of money, and I have no doubt that more than that much money has been spent each year during the last decade. The question really is whether the various expenditures we make as our communities grow shall be made more or less haphazardly or more or less in accordance with a plan.

New York and the territory around it, which includes the northern part of New Jersey, Connecticut, and all down through Long Island, had, I think, a population at that time of 8,900,000, and the estimate that was made by the statistician was that in fifty years the population there would be well above twenty million. As a matter of fact, one decade has gone by and the population has actually increased in that territory from something like 8,900,000 to 11,450,000, roughly, and all these great works that have been instituted in the last ten years—bridges, tunnels, public buildings, parks—were made mostly without a plan. Of course, in a growing country like this the communities will go on improving, they will go on spending money, and the real problem is: Shall we look at it a year at a time, the successive governing bodies of our counties and our states doing each their task as best they can in their busy lives, or will they set up some kind of a target, some kind of an ideal as a guide for future action and as a standard of conduct?

Of course, nobody believes that anybody is wise enough to make a plan that will be carried out. It would be a very unfortunate thing if any generation were completely tied to the plans of their fathers. I haven't any doubt that the people that are sitting here fifty years from now, with perhaps a copy of this report, will look upon it and make fun of parts of it and say "What strange people they were that wrote this." But nevertheless if the people of a community keep interested in the subject, this particular plan and the fact that it is there for somebody to wrestle with and struggle for and change, will affect this community for much more than fifty years; and although I said at the beginning with some apologies that it is not going to cost anything—it is going to cost a great deal. It is going to cost a great deal in money, and it is going to cost a great deal in thought and in sacrifice of time of the loyal men and women that come after you in this community. I feel completely confident, however, that it is not going to cost as much to do it in accordance with a plan as it would cost to do it without a plan.

WE ARE A YOUNG NATION

We hear a good deal about the cost of a city plan. Somebody ought really to write a book upon the cost of not planning. One of your speakers at the outset spoke about what could have been done if you had had a plan before. It always seems to me that we make a great mistake in this country, in all parts of the country, in thinking that we are an old country. Here you are living in this beautiful county, on a wonderful river, with historic associations that touch some of the most sacred things in the origin of this country, where, in a sense, the most decisive battles of the Revolution were fought, and yet in an historical sense it only happened yesterday. As time goes in the life of nations, in the life of states, in the life of counties, you are only beginning. We are all only beginning in this country. What little we have done in the way of mistakes is nothing, provided we start right now.

And that is a very sobering thought for us all. What has happened before in this country with any of us—what has happened in any state or any community or in the United States as a whole—is not in order that something might be now, but what has happened before and what we are doing now is in order that something *may be* fifty or one hundred or a thousand years from now. This is not an old country. It is a new country. The whole of this continent, this territory, this state, this county—we are only beginning; and what are the millions and millions of people who themselves will be groping through this territory a hundred, two hundred or three hundred years from now going to do if we do not do a little planning?

Fortunately, we are not wise enough to plan exactly. Fortunately, I hope, we are wise enough to know that we cannot plan exactly for those that come after us, but we can emphasize the necessity of proceeding under the fundamental principle that life is going to go on after us, that we are not only descendants but ancestors of those that are going to be five hundred or a thousand years from now; and that is a sobering thought in times of trouble such as we are now going through—that is a sobering thought that should give people courage, a courage that should make them worthy of their ancestors. Because there is nothing that we can do for the community in which we live that will involve anything like the hardship, the privation, the sacrifice that those went through who made this country what it is at the present time.

We, the ancestors of those who come after us, are going to be judged by the kind of dreams, the promises and contributions we make to the kind of a country this will be a hundred or two hundred or five hundred years from now. And our plans will be thrown aside, our plans will merely stimulate other men and other women to make other plans. But if we could come back—as Benjamin Franklin once whimsically, toward the end of his life, prayed he might be allowed to do, not because he wanted to live any longer, not because he could make any contribution, but because of the natural curiosity that the old man had to see what things would be like a hundred years after his death—if we could come back and see what has been done with this plan, which is the result of the work that these men on your committee have done, if we could come back and see it, the most we could say, probably, would be that we contributed a little to it; we started people thinking along the right line; we dreamed in our time, and we dreamed with the consciousness that after us would come builders and they perhaps would know that we too had known.

AMERICAN CITIES AND THE BUSINESS DEPRESSION

BY FREDERICK L. BIRD

Assistant Director, Municipal Administration Service

Assessed valuations rising or stationary, lower general property taxes exceptional, tax delinquency increasing, little resort yet to wage reductions, many cities showing insufficient degree of foresight and good management. :: :: :: :: :: :: :: ::

How are American cities weathering the financial storm? To secure specific and up-to-date information on this vitally important question the Municipal Administration Service has addressed inquiries to municipal officials or bureaus of governmental research in the 326 cities of over 30,000 population in the United States and Canada. Replies received from 135 cities form the basis for a comprehensive report issued by the organization. While the reporting cities constitute a representative cross section of all population groups it is probable that the cities which failed to reply included an abnormally large proportion of those which are in serious financial difficulties. Thus, the actual picture of the entire situation may be slightly less favorable than that presented in the report.

The questions which the survey sought to answer are primarily:

1. What is the trend in the assessed valuation of property and of tax rates?
2. To what extent is the amount of tax delinquency increasing?
3. What is the trend in annual municipal revenues, expenditures and budgets?
4. To what extent are cities showing deficits through inability to meet expenditures from current revenues?
5. To what extent is unemployment relief imposing an additional burden on city treasuries?
6. What action are cities taking to curtail expenditures?
7. To what extent has this involved the reduction of salaries and wages of municipal officials and employees?
8. To what extent are cities approaching the limit of their long-term borrowing capacity?

As the report is almost entirely statistical in form, its factual value is somewhat lost in any attempted summary, but the general trends indicated form a significant commentary on the present financial status of American cities.

EDITORS' NOTE.—This article by Mr. Bird is a summary of a longer report, *The Present Financial Status of 135 Cities in the United States and Canada*, published by The Municipal Administration Service, 261 Broadway, New York City. Price 25 cents.

TREND OF ASSESSED VALUATIONS, TAX RATES AND DELINQUENT TAXES

So long as the general property tax continues as the major source of municipal revenue, property owners will continue to bear a disproportionate share of the financial burden of city government. The decline in property values is tending to increase this load at the present time. The assessed valuations of property for 1931 in 81 cities

have risen perceptibly over 1929. In 26 cities the valuation is approximately the same as for 1929 and in only 24 out of 131 has it appreciably lowered. The valuation machinery, therefore, has been slow to reflect the deflation of property values.

It is, of course, misleading to consider valuation figures except in relation to tax rates. A declining assessment accompanied by a proportionately rising tax rate carries no relief for the taxpayers. A comparison of tax rates with assessed valuations shows that the general property tax has actually been lowered in only 23 cities. Five of these have lowered both the valuation and the rate, while 18 have lowered one while holding the other stationary. Forty cities, by keeping both the valuation and the rate stationary, or by raising one and lowering the other, find themselves approximately on the basis of 1929. Sixty-nine cities, by raising one or the other, or both, have actually increased the burden of taxation.

A large majority of these cities are confronted with a serious problem in the increase of delinquent and unpaid taxes. In all but 21 of the 105 cities from which information has been received, the percentage of delinquent taxes shows an increase from 1929, in many cases to a very serious extent. The average percentage of tax delinquency in sixty-nine cities has increased from 7.22 in 1928 to 11.32 in 1930. This widening discrepancy between the amount of taxes levied and total annual collections is not only reducing revenues below expectations and needs, but is rendering reductions of valuations and rates a seemingly hazardous undertaking. The situation suggests the need, however, for a readjustment of values which will encourage property owners to hold their property instead of permitting it to be sold for taxes.

REVENUES, EXPENDITURES AND BUDGETS

Drastic reduction of expenditures of most American cities seems rather improbable unless the public comes to favor the abandonment or curtailment of many services which they now enjoy. It is much more reasonable to believe that after the current crisis is passed, city governments will continue the expansion of the scope of their activities.

The immediate problem is that of adjusting expenditures to declining revenues. The available data indicate that thus far the majority of cities are doing with this a fair degree of success. In 1929, of 102 cities, 36 incurred operating deficits. In 1930, 30 of 96 cities showed deficits, only 16 of them, however, being repetitions from the previous year. In only a few instances were the deficits sufficiently large to threaten financial disaster. In at least eleven instances, moreover, these current deficits were more than offset by accumulated reserves from former years.

From the very nature of a city's services, which are of a continuing nature not greatly influenced by a recession in business, it is not to be expected that declining revenues would be reflected immediately in falling costs. This is well illustrated by the fact that in 1930 the expenditures of 70 of 103 cities increased over the previous year. In 1931, however, the city governments were beginning to get the situation in hand and 45 of 77 municipal budgets showed a definite decrease. The indications are that marked accomplishments toward curtailment will be reflected in the budgets of 1932.

SPECIAL ACTION TO CURTAIL EXPENDITURES

The present demand for retrenchment offers an unrivaled opportunity

for the elimination of waste and inefficiency through more businesslike budgeting and purchasing methods, greater foresight in long term financial planning, improvement of personnel management, better administrative organization, elimination of antiquated taxation procedures and the like. Economies effected along these basic lines will be of lasting value. Indiscriminate curtailment of essential services at the request of panic-stricken citizens, however, will work inestimable harm.

"What action is your city taking to curtail expenditures?" was the specific question asked on this subject. Officials in the 11 of the 135 cities who responded to the general inquiry for information failed to mention this subject and 18 more said that nothing was being done as yet. The replies of at least 51, however, indicate that the most careful attention is being given to budget control, with budgets kept within estimated revenues, careful adherence to schedules and general curtailment of expenditures. In a few instances, at least, there is danger that the curtailment is so drastic as to be inconsistent with continued efficiency.

Along other general lines of economy eleven cities mentioned curtailment of improvement programs and eight stated that purchasing had been cut down to essentials only. Seven emphasized the savings effected by reductions in personnel and five reported that the city government was undergoing a complete reorganization including the introduction of such reforms as scientific purchasing.

Special economies put into effect in individual cities are too varied for more than representative illustration. They include the adoption of recommendations by bureaus of governmental research or by experts engaged by local taxpayers' associations to seek out avenues of economy, installation of mechanical equipment in various departments, closing community centers, discontinuing of contributions to police pension fund and reduction of playground expenses with assumption of management by committees of citizens.

SALARY AND WAGE REDUCTION

American cities in general have not as yet resorted to salary and wage reductions as a means of reducing municipal expenditures. Whether recent wage cuts by large industrial concerns will influence a change in policy is not as yet apparent, but present salary schedules thus far have been left largely intact.

In 99 out of 125 cities there have been no reductions whatever. While in 15 of these consideration of wage cuts is reported, a greater number indicate a feeling as decidedly opposed to such action. Of the remaining 26, eight have instituted reductions only for a few officials or groups of employees, such as a 3 per cent reduction of teachers' salaries in Detroit with a continuation, however, of the regular schedule of increases. Kansas City, Missouri, was forced to make a 25 per cent reduction in all municipal salaries on a monthly basis for the second half of 1930, but the former schedule was restored at the beginning of the present year. Two cities were able to maintain the existing schedule with temporary savings by the device of providing for brief vacations without pay. Pasadena, California, has instituted the equivalent of a temporary salary cut by requiring a contribution of one day's pay per month toward the unemployment relief from all employees who receive $5 a day or more. Still another city maintains the established schedule for old employees but hires new ones at a

reduced rate. Three cities have instituted salary cuts ranging from 5 to 20 per cent for the higher paid officials only. Ten only of the 125 cities reporting have put general reductions into effect. Two of these graded the amount from 2½ per cent to 20 per cent depending upon the size of the salary. The remaining eight made flat reductions ranging from 3 per cent in St. Paul to 24 per cent in Wichita Falls, Texas, with an average of 10 per cent for the others.

UNEMPLOYMENT RELIEF

Direct expenditures by city governments for poor relief and unemployment have been responsible for increased budgets or for failure to reduce budgets in a considerable number of cities during 1930 and 1931. An outlay of over $18,000,000 for this purpose by Detroit is largely responsible for its present financial difficulties. In a number of the smaller cities particularly, the demands of the unemployment emergency have more often offset their efforts for retrenchment. In Woonsocket, Rhode Island, for example, the increase in the poor relief appropriation for 1931 over normal years considerably exceed the saving effected by drastic salary reductions.

In general, however, unemployment and poor relief have not placed an excessive financial burden on city treasuries. In a majority of cities, poor relief is an obligation of the county or the township, and the major portion of unemployment relief funds has been collected and disbursed by non-governmental agencies. Direct municipal expenditures for these purposes, nevertheless, have gone far in offsetting economies effected in other lines. The total amount expended by 100 cities, not including the three largest, rose from $18,900,000 in 1929 to $40,700,000 in 1930. It is impossible to give a comparable budget total for 1931 but cities reporting, with a few notable exceptions such as Detroit, which has cut its appropriation from $14,000,000 to $400,000, have increased appropriations, in many instances several times those for 1930. An indirect cost not fully reflected in appropriations for unemployment relief is to be found in the expanded work programs especially of public works departments. There is considerable evidence, moreover, that the employment of untrained labor is increasing the unit cost of operations.

UNUSED MARGIN OF BONDED DEBT CAPACITY

At the same time that the rapidly mounting bonded debtedness of city governments is being severely criticized, cities are being urged to increase and speed up their public improvement programs as a partial solution of the unemployment situation. Curtailment of borrowing, decrease in current budgets and expansion of public improvements are hardly compatible. Sound as a policy of increased public improvements in a period of depression may be, its adoption is impossible without the further issuance of bonds on a large scale. If, as is widely claimed, cities are approaching the limits of their bonding capacity as established by law in most states, a large increase of bonded indebtedness for this or any other purpose is legally debarred.

The actual situation for cities in general is much less precarious than pictured by the prophets of disaster, but it reveals a need for careful conserving of bond margins which precludes any orgy of public construction by cities to stem the flood of unemployment. In 1928 the unused margin of bonded indebtedness of 63 cities, not including the three largest, was $807,-

412,000. At the close of 1930 this figure stood at $726,674,000. The situation varies greatly, however, for different cities. A few have ample margins which leave them little cause for worry on this score. The great majority are confronted with the need for a more conservative borrowing policy than in the past. A few have so nearly reached the limit of their borrowing power as to preclude any further financing by this means at the present time.

As the legal bonding capacity is usually a fixed percentage of the assessed value of taxable property, much depends upon the future of property values. Cities which have heretofore depended on annually increasing assessed valuations to provide new borrowing power are likely to have their expectations disturbed by the present trend toward stabilizing and reducing assessments.

SUMMARY

Viewing the situation in its general aspects, it is fair to say that the majority of American cities are not thus far meeting the emergency in their financial affairs with a sufficient degree of foresight and good management. While the predicament of Chicago is far from being characteristic of any but a comparatively small number of city governments, serious difficulties are still in store for a number of cities which have been lax in their financial management in the past and slow to arouse themselves to the demands of the present crisis, and most city governments are confronted with the need for more economical and efficient management of their affairs than they have heretofore exercised if they wish to remain solvent, continue to improve the quality of their services, and at the same time lighten the burden of taxpayer. If, instead of indiscriminate cutting of salaries and ruthless slashing of department appropriations, city authorities will look beneath the surface to the need for fundamental reorganization of administration, elimination of wastes and the introduction of well known, but too inadequately tried, efficient methods of carrying on public business, the current depression may prove in the long run to be a real boon to municipal government.

HOW BOSTON FEEDS ITS HUNGRY FROM TAX FUNDS

BY WILLIAM H. PEAR

General Agent, Boston Provident Association

Among the large cities, Boston is second only to Detroit in per capita expenditures for poor relief, but her chief reliance has been on tax-paid funds without any emergency drives, bread lines, or apple selling. Coöperation with private agencies has been developed to high point of efficiency. :: :: :: :: :: :: :: :: :: ::

NINETEEN thirty has added one more to a series of years during which there has been a steadily rising tide of relief disbursements the country over, and 1931 has continued to yield record figures. How general and how impressive this upward swing has been may be seen in the reports issued by the statistician of the Russell Sage Foundation, wherein the aggregate outlays of 241 widely scattered cities are shown to have doubled and even trebled within the last three years. Rated by their expenditures per capita of population for 1930 Detroit and Boston stand at the top of a list of large cities, the former with total relief outlays equal to $6.04 per capita and the latter $5.68 per capita of population. These two cities led the others also in the recorded amount of relief given by their public and private agencies, Detroit with well over nine millions and Boston with nearly four and a half millions.

But Boston was fortunate in two respects: In the soundness of her relief policy, that is the Massachusetts relief policy, and in the well-developed practice of coöperative action between her public and private charitable services.

RELIANCE ON TAX-PAID FUNDS

The Massachusetts relief policy, which Boston shares, is based upon the assumption of general public responsibility for the protection of people from serious want, rather than upon a *laissez faire* policy of trusting for that protection to the generosity of the well-to-do. It is effected through statutory provision for public outdoor relief which, though more or less inelastic, nevertheless serves as an underwriting of protection from serious suffering.

It was owing to such provision for aid from tax-raised funds and to the effective coöperation of her private relief agencies that Boston passed through last year's experience without the raising of a widely advertised relief fund, always to be deplored if avoidable. Relief outlays were, of course, record breaking but one cannot help thinking that Boston, with its large disbursement of nearly four and a half millions in 1930, 91 per cent of which was tax-raised, was better off as a community than certain cities which were forced to have these noisy fund raising campaigns. Such funds as a rule proved inadequate and had to be followed by public appropriations for a cause which was properly the concern of all the people from the beginning. At all events this is the opinion of Boston's social workers with which her socially-minded mayor appeared to be in accord. While it is true that Boston is

not subject to such an influx of casuals from without as are Chicago and New York there is little doubt that she was saved from the unhappy spectacle of bread lines, apple-selling, and the like by her public relief policy and by Mayor Curley's determined stand against the use of such expedients.

More than one city not having the system which Boston has developed has been turning towards it hopefully in recent months facing the necessity, however, of inaugurating a new policy in the midst of a period of stress. Boston, on the other hand, has had the advantage of a long established public relief policy with a steadily improving administrative machine, crippled though it was by inadequacy of staff, and alongside it a well-related private service, filling gaps and rendering varied and extensive services, such as a public department for the present, at any rate, cannot supply. Conferences between agents of both services on cases and on questions of policy are of frequent occurrence and both work together for community welfare in the Council of Social Agencies.

ROUNDED PROGRAM THROUGH COÖPERATION WITH PRIVATE AGENCIES

It is through the valuable coöperation of the private relief agencies, however, that Boston has gained a well-rounded, flexible relief service. For many years past these agencies have taken the stand that it was their task to dove-tail their service with that of the public relief department. This they have done with a degree of success which has been notable. They have essayed to fill the unavoidable gaps. With their freedom from certain statutory and other limitations of public service, coupled with their more ample staff equipment, they have aimed to supplement wherever flexibility or more varied service was needed.

The actual amount of financial aid disbursed by the private agencies is not considerable compared with the relief outlays of the overseers of the public welfare—in 1930 it was nine per cent of the city's total—but when it is found that these agencies are employing staffs sufficiently numerous to keep the case load per visitor down to one-fourth, and perhaps one-fifth the number which a visitor in the public welfare department is obliged to carry, the difference in opportunity for extended service seems obvious.

The chief difficulty encountered by our Boston overseers during the past season has been inadequacy of staff for handling the excessive increase in applications and for insuring justifiable restraints upon expenditures which only a sufficiently numerous and well-trained staff can supply. In this connection, however, there is interesting evidence of the spirit and effectiveness of private agency coöperation; for at a time when the overseers of the public welfare could not quickly enough make additions to their staff, these agencies to the number of ten lent as many trained visitors to the public department, bearing the expense of such loans for several months in the period of greatest pressure.

THE TECHNIQUE OF COÖPERATION

In such a system as has been described, the division of labor between the two services, public and private, is naturally a matter of the greatest importance. To be effective there must be not only good understanding but good technique as well; and here again it is possible to record that Boston has the basis, at least, for both. If, as is likely, good understanding is best secured through close contact, there is undoubted advantage in the housing of both groups of workers, the public and the private, under one roof.

For more than a half century a group of leading general relief agencies supported by private contributions and endowments have been given rent-free quarters in the public building in which the overseers of the public welfare are headquartered. This affords the immeasurable advantage of daily and hourly intercourse on cases and on questions of policy. Moreover an advantage also immeasurable is gained by the fact that the director of the public welfare service is not a political appointee but a man with a long experience in the field of work which he directs, appointed by and responsible to the board of overseers, an unpaid body of twelve citizens.

In the matter of technique, it would be generally admitted by social workers the country over that Boston has had the great good fortune to have a Central Case Index which with respect to comprehensiveness and skillful management is second to none. In it, of course, resides the facilities for quick discovery of the identity of applicants and the previous acquaintance which any agencies may have had with them. Duplication of effort is at once prevented; speed in meeting emergencies is made possible; and the way is opened for the first and also succeeding steps in effective coöperation. Both public and private agencies pay their fair share of the operating cost of the Index and it also is housed in the Public Welfare Building.

GREATER APPROPRIATIONS FOR NEXT WINTER

And now Boston is facing another winter which may be expected to be even more trying than the last—at least that is the prediction of those who should know. So far as Boston is concerned her people know that they have passed through a year of unprecedented pressure in a way which makes them wish that in the coming season they might be spared the noisy advertising and other unhappy features which the mayor and all concerned so wisely averted last winter. There will have to be abundant appropriations, probably in excess of those of last year, to the public welfare department; and the private agencies will need contributions from generous supporters much more ample than heretofore, for many an agency drew from capital funds last year to an extent which they could scarcely continue.

But from all indications Boston is facing the coming season hopefully, though soberly, believing that she has a relief policy and practice which is best calculated to afford the largest measure of protection. It is realized, of course, that this assurance of protection cannot be secured without paying for it. It is to be regretted, for it is probably true, that the assurance cannot be given without advantage of it being taken by some. It is known to be difficult to give without sapping to a degree the spirit of sturdy independence which her people like to think may still belong to old New England. But the best guarantee of protection from these unhappy consequences of relief is adequate, skilled, constructive service in its administration, and this it is the business of social workers to supply.

LES ENTREPRISES MIXTES

BY MARSHALL E. DIMOCK
University of California at Los Angeles

A possible escape from the regulation tangle.

FROM many and diverse sources, too numerous to mention, come statements that utility regulation has reached an impasse. Professor Mosher and his associates refer to the "crisis," in their book, *Electrical Utilities*. John Bauer increasingly evidences despair regarding the possibility of effective regulation and suggests that municipal ownership and operation is probably the solution which will be found for the present dilemma. The majority opinion in the recent reports of the Massachusetts public service commission and the minority views of the Knight Commission in New York show clearly that public ownership is surging to the fore. Despite numerous court decisions and thorough treatises, the problems of valuation and fair return seem as far from solution as they did twenty and thirty years ago. The vital matters of holding companies and interstate transmission of power remain untouched.

Several suggestions have appeared relative to feasible methods of clearing up the situation. Intensive federal regulation has been suggested. The "contract" plan of Governor Roosevelt has been given popular attention. Compromise plans such as the "prudent investment" theory have been advocated, as a means of breaking the Gordian knot represented by the conflicting original cost and reproduction cost theories. The Supreme Court of the United States shows a clear purpose of moving in the direction of greater emphasis upon the reproduction cost plan.[1]

It is largely as a result of these decisions that former advocates of regulation have turned to public ownership plans. The disagreements between some of the commissions and the courts appear hopeless. Regulation has become virtually a process of interminable appeals. The Maryland public service commission felt sure that, as a matter of "fact," a return of 6.26 per cent constituted a fair return on street railway securities, and that rights of way are plainly not proper items for inclusion in capital costs. But the "law" laid down by the Supreme Court of the United States decreed that the commissioners had erred in both of these matters. Why pretend to regulate when the commission's action must be necessarily a guess?

IS PUBLIC OPERATION NECESSARY?

But it is not certain that public operation is the necessary solution of the problem. As many difficulties and as

[1] See *McCardle, et al.* v. *Indianapolis Water Co.*, 272 U. S. 400 (1926). Incidentally, this decision made it possible for the holding company to earn 38 per cent upon the book value of the common stock. Keezer and May, *The Public Control of Business*, 169–171. More recent elaborations of the theory are *Waukesha Gas and Electric* v. *The Railroad Commission of Wisconsin*, 191 Wis. 565 (1927); *St. Louis and O'Fallon Ry. Co.* v. *United States*, 279 U. S. 461 (1929); and *The United Railways and Electric Company of Baltimore* v. *West*, 280 U. S 234 (1929).

many alternatives as possible should be considered carefully before adopting an extensive program of public operation. The findings of Herbert B. Dorau[1] raise the question as to whether public ownership is passé. It is not proposed to develop this problem except to suggest that the proximity of many cities to their debt limits, the exorbitant values often obtained by utility companies when they sell out to the public, and the difficulty of improving politics and administration rapidly enough to assure the competent handling of enormous enterprises, are factors which every honest advocate will face squarely.

So far there has been practically no suggestion that we look to current European experience for possible remedies which might be applied to the improvement of our own utility situation. The remainder of this article will set forth two ideas which are prominent in several European countries. The first is the prodigious popularity of so-called "mixed" enterprises in the utility field, and the second proposal is a system of special commerce courts. They are not offered as panaceas, but as suggestions.

"MIXED" ENTERPRISES

A mixed enterprise is one in which public and private resources and management are joined in order to form a coöperative profit-making business. The idea has gained ground rapidly since the war, and it is now one of the most widely discussed internal questions throughout Europe. The question of "Les entreprises mixtes" was one of the chief problems for discussion at the 1929 meeting of L'Union Internationale des Villes, which was held at Barcelona. At this conference, reports indicated that eleven countries, among them France, Germany, Switzerland, Belgium, Holland, England, Poland, and Rumania, have had experience with mixed enterprises. They were operating in Germany even before the war, and it is there that the most extensive development has continued to take place.[2] In 1925 Prussian cities alone accounted for 474 undertakings. One-third of the electricity supply of Germany is furnished by mixed companies. Some idea of the spread of the plan in Germany is seen in the fact that 139 transportation businesses, 134 commercial companies, and 79 water, gas, and electricity companies now operate as joint enterprises. In one country or another, mixed enterprises are conducting housing, railway, gas, water, electricity, street railway, aviation, and garage undertakings.[3]

In no two countries are the workings of the plan exactly the same. France, although she has not developed this field as much as has Germany, provides a good example of the practical operation of mixed enterprises. Before the war the French government furnished various forms of assistance to utilities, and imposed a certain measure of regulation, but did not venture to undertake commercial enterprises itself.[4] With the legislation of 1919 and successive grants of power, de-

[1] See his monograph published by the Institute for Research in Land Economics and Public Utilities, Chicago, Ill.—*The Changing Character and Extent of Municipal Ownership in the Electric Light and Power Industry.*

[2] The capital structure of the Berlin electric works, which has been made a mixed enterprise will be described by Dr. Walter Norden in the December Review.

[3] A résumé of the development in outstanding countries is presented by Walter Delius, "Les entreprises Communales de nature mixte," *L'Administration Locale* (No. 54), April–June, 1930, pp. 1011–1031.

[4] For a brief but interesting article regarding the development see M. Felix, "Les entreprises mixtes en France," *L'Administration Locale* (No. 53), January–March, 1930, pp. 938–965.

partments and communes have become engaged in several forms of business, as partners of private companies. The chief ones are water works, electrical power, municipal railways, and garages. Before a French commune or department may engage in such an enterprise it must obtain the consent of the minister of interior and comply with all the provisions of law. The largest undertakings are found in Alsace and in the French Alps. Mixed companies become monopolies. A municipality is limited by law to a subscription of forty per cent of the capital stock. The investment is expected to earn six per cent and not more than ten per cent. The government may receive its compensation in service, such as the lighting of the city, or as a financial return based upon the percentage of its ownership. It receives representation on the board of directors in proportion to its financial holdings. Appointments are made by the mayor, prefect, or minister of interior. Appointees are civilly liable for their actions, and the government is likewise held fully responsible.

CONTROL WITHOUT MAJORITY OWNERSHIP

The government's power and ability to regulate and control the company, despite the fact that it does not and cannot possess a majority of the stock, is unquestioned. The laws provide that if the government's representatives disapprove of the vote of a majority of the board, a second must be held. In practice this results in the government's control of policy, finances, and administration, if, on appeal, the minister of public works sustains the officials.[1] Moreover, public officers share the work of actual administration, thereby keeping advised concerning the details of the business. This right has been limited by the laws, however, to the extent that public representatives may not hold the offices of president and vice-president. This provision is meant as a safeguard against too great official power.

This hybrid form of industry appears to be giving great satisfaction, although even yet it is perhaps too soon to pass final judgment.[2] The advantages of such a plan may be summarized as follows: (1) it entitles the public to a share of monopoly profits; (2) it permits the financial and organizing initiative of individuals to come into play, which supposedly is one of the chief advantages of capitalism; (3) the government has no trouble regulating capitalization accounts, earnings, or service, because it exercises day by day control over the industry; (4) and finally, business in turn is able to checkmate the danger of functionaries abusing their official powers.

There would seem to be no legal or constitutional objections to introducing mixed undertakings into the United States. The several governmental subdivisions already conduct a number of industrial enterprises. As a rule the Supreme Court of the United States has evidenced liberality with regard to business ventures. For example, a few years ago the city of Portland, Maine, established a public fuel yard and appropriated money for its maintenance. This action was recognized by the Supreme Court as having a public purpose.[3] In the famous case

[1] Felix, *op. cit.*, 945.

[2] Additional information may be found in M. Chardot, *La Collaboration financière des administrations publiques et des entreprises privées* (Paris, 1928); M. Mireaux, *La gestion publique et la gestion privée* (Paris, 1929); E. Carpentier, *Code des distributions électricité* (Paris, 1930, rev. ed.); and J. Staat, *Une Entreprise d'economie mixte* (Paris, 1925).

[3] *Jones* v. *City of Portland*, 245 U. S. 217 (1917).

of *Green* v. *Frazier*[1] the state of North Dakota was permitted to operate a mill and elevator association; a project for manufacturing and marketing farm implements; a home-building association; and a state bank.

Americans are so used to thinking of Business and Government in terms of their being either bitter enemies or else in collusion, that the idea of effecting a partnership arrangement will probably sound incredible. However, Europe may be able to prove that such a plan serves the greatest good of the greatest number; that it is a salutary compromise between *laissez faire* and socialism. At any rate the development of "entreprises mixtes" should be given careful consideration by American students.

[1] 253 U. S. 233. (1920).

A PLEA FOR THE REGULATION OF THE POWER INDUSTRY

BY MORRIS LLEWELLYN COOKE

The advantages to be derived from improved public control of the power industry as compared with public ownership. :: :: :: ::

REGULATION and public ownership should represent two *distinct* approaches to the accomplishment of momentous public ends. The two systems must not, in liberal thought, be considered as synonymous. Otherwise, in our failure to concentrate we may not secure either effective public ownership or effective regulation. It is obvious that underlying the question as to *who* shall own the power facilities of this country, and of far greater importance, is the question *how* shall they be operated?

My arguments against public ownership are largely counsels of expediency, not excluding from this term, however, moral considerations. I do not argue against public ownership because (1) the owning and operating of a power station lies outside the proper functions of government, nor (2) because public ownership is un-American or socialistic, nor (3) because government necessarily does any given job in less workmanlike fashion than if it were done under private auspices. I believe whole-heartedly in the public ownership and operation of power plants at Muscle Shoals, in Boulder Canyon, on the international section of the St. Lawrence River, in the cities of Seattle, Tacoma, Los Angeles, Springfield and in numerous other American cities where the conditions necessary for conspicuous success are present. This is "yardstick" public ownership. It is a selective application of a principle as contrasted with its general and more or less immediate adoption.

GOVERNMENT'S UNDIGESTED TASKS

Perhaps my most fundamental reason for being opposed to public ownership is that government with us seems to have at the present time enough to do that is undigested. The feverish tempo of American life is a constant temptation to slipshod and wasteful work. Naturally government does not escape this influence. It will be easier for us to accelerate the general improvement in the quality of the public service now in progress if we avoid becoming involved in any widespread move to

own electrical facilities now claimed to be worth eleven billion dollars.

Again, there are obvious complications in such an increase of the public payroll as would be made necessary by any general adoption of public ownership. In Philadelphia there is now one government employee out of every thirty-seven inhabitants. Put in another way, there is one person employed by the government to every 16 employed in private establishments. In the country as a whole there appear to be on the payrolls of the private utilities between 2¾ and 3 million people. Assuming a population somewhat less than 120 millions (to conform to the average date for which the foregoing figures apply) it is seen that the utilities employ one out of every 41 of the population. Thus combining present government employees—using the figures of the recent Philadelphia census —with those who would be put on the payroll through any general scheme of public ownership, there would result one public employee to every 19 in the population or one out of every eight of those gainfully employed.

Of course it is conceivable that the public might take title to the electrical industry and pass up the less promising or more troublesome prospects of steam railroads, gas, street railways, bus, telephone and telegraph. Without passing on the ethical aspects of any such program it should be remarked that if we only appropriate the electrical industry the problem of regulation is still left lying right on our doorstep as the only other suggested means of controlling all the other utilities.

Now considering the proposed adoption of public ownership simply from the standpoint of its timeliness there are certainly many factors in the current situation that at least suggest a postponement. For one thing we are absolutely without federal control of interstate traffic in electricity except as to power generated from falling water. Again, owing to the recent extreme decisions of the United States Supreme Court in the matter of establishing rate bases by the reproduction cost new method, the prices which the public would have to pay in taking over these properties are undoubtedly at their highest level and far above their intrinsic worth. There is every reason to believe that the very extremes to which this system of hypothetical and imaginary values has been carried will, in the course of a decade or two—perhaps sooner—bring about an era of markedly lower valuations.

After the revelations of the federal trade commission, one hardly needs to be reminded that we have come through a period going back at least twenty years during which the electrical industry, under the leadership of the National Electric Light Association and other propaganda agencies has carried on through the newspapers, in the schools, on the lecture platform and elsewhere a campaign of almost unbridled misrepresentation. So that we find the public mind habituated to the idea that public ownership and operation must necessarily be incompetent. If and when the proposed change takes place, to have the slightest chance of success there should be a reasonably high degree of enthusiasm for it.

ENGINEERS TRAINED TO DISTRUST PUBLIC OWNERSHIP

The engineers upon whose enthusiastic support the success of any widespread scheme of public ownership would necessarily depend, have been educated to believe that private initiative in the utility field is absolutely essential. Our engineering societies are controlled very largely by the private utility interests. Strange as it

may seem, while engineering literature teems with material in regard to the generation and transmission of electricity, there is not a line to be found anywhere about the cost of its distribution, the one factor which is supposed to account for the high cost of electricity supplied to homes and stores. In fact, the discussion of distribution engineering, as referred to by Ambassador Sackett in his now famous Berlin speech, is actually prohibited before engineering audiences.

We look across the Canadian border and see there the marvelous public electrical development in the province of Ontario. We see that the average household rate throughout the province is less than two cents per K.W.H. as contrasted with the American domestic rate variously estimated at 6, 6½ and 7 cents per K.W.H. We see average Ontario power rates 50 per cent below the American average. We see that the average annual use of current in the home is 1380 K.W.H. as contrasted with an average use in this country of something less than 500. And then we jump to the conclusion that a similar result could be accomplished anywhere if we only had public ownership. In so doing we forget that this outstanding Canadian achievement was born of war psychology, guided through gruelling experiences by the remarkable Sir Adam Beck, nurtured by an unusually intelligent electorate and operates in a district supplied by the cheapest water power on the North American continent.

Come with me to Cleveland, Ohio, and see the other side of the picture. Here under the inspiration of the great Tom Johnson, a comparable adventure in publicly owned electrical development was launched some twenty years ago. Allowing in this case say 4 mills per K.W.H. for the difference between the cost of generating electricity from coal and from falling water, the natural conditions in Cleveland are quite comparable to those in Ontario. At the time the Cleveland Municipal Electric plant was started, and in fact down to 1920, the local private plant charged a flat 10-cent rate to domestic consumers. The public plant from the beginning has charged a flat 3 cent per K.W.H. rate. To meet this competition the private company ten years ago dropped its rate to 5 cents per K.W.H.

In 1914 when I first became acquainted with this Cleveland experiment there was a modern plant manned by competent officials doing a profitable and rapidly expanding business and enthusiastically supported by a well informed electorate. In the intervening years, and especially since 1923, something has happened to this municipal undertaking which corresponds to feeding ground glass to an individual.

There is not the time in which to sketch even in outline the twenty-year struggle of the private interests to throttle this public enterprise. But during a period when the competing private company has forged ahead in every way the growth of the public operation has virtually ceased. Average sales of energy during the last five years have increased only 6.5 per cent per year and revenue by only 7.7 per cent. It is sometime since any money for extensions has been forthcoming.[1] Regretfully we must admit that the wolves surround the house.

Even a few years of reasonably precise—not to say rigorous—regulation would deprive the utilities of those seemingly boundless resources with which they at times harass us, and, especially our adventures into public

[1] On November 3 Cleveland citizens voted on the question to authorize a $2,500,000 extension to the municipal plant.

ownership. The unwarranted obloquy which was accorded our taking over the railroads during the War is another "Stop, Look and Listen" sign suggesting that public operation never be undertaken on too wide a scale and only when the factor of safety is ample. But the Cleveland municipal electric plant does give eloquent testimony to what may be accomplished by fair and rigorous regulation. For charging a maximum of 3 cents per K.W.H.—the lowest rate in the United States public *or* private—and after five years during which it has been administered by officials opposed to public ownership, the plant showed a net income for the year 1929 of two million dollars before depreciation, bond interest and estimated taxes. This is more than six times the bond interest.

Let us frankly admit the relative failure of regulation to date—except possibly in the field of steam railroading. But, we may properly ask, if we have been so unsuccessful in making regulation measure more closely to its seeming possibilities, have we the right to expect to make even passable successes of our ventures into public ownership? Of course, one of our handicaps in making regulation effective is the non-coöperative attitude of the industry itself. Last year a commission appointed jointly by Governor Roosevelt and the New York legislature carried on a very intelligent inquiry into the operation of regulation in New York state. One result of this study was the immediate passage of 27 bills amending public service law. The utility companies, however, far from coöperating in these measures, many of them wholly nonpartisan, opposed them one and all and without one dissenting voice took the position that regulation as it was being practiced in New York was wholly satisfactory. So I regretfully conclude that in our revamping of regulation we will have to proceed actually in the face of fierce company opposition. I wish it was not so. On all those proper and logical steps such as we propose, we should have the active coöperation of the industry. We invite it but we shall not tarry for the lack of it.

REGULATION CAN BE IMPROVED

It is my thesis that as compared with the development of public ownership it is a relatively easy matter to bring about through a simple garden variety of regulation very great improvements both in the rates and service of our utility companies. I am talking about a result which can be effected sometimes within a few weeks—usually within a few months—whenever the voters decide they want it.

Four steps beyond the point where we are now—and no one of them difficult to take—would change the whole face of regulation:

1. We must have federal regulation of interstate power such as provided by the proposed Couzens Bill. The program must include *standardized* publicity of accounts for interstate holding corporations including their local operating companies. A recent report of the federal trade commission shows that on the average over 15 per cent of the current generated in a given state is exported out of that state and that, on the average, of the current consumed in a given state nearly 20 per cent of it is imported. In Pennsylvania we import nearly 27 per cent of the current consumed. This is a sizeable percentage of the total business and now lies wholly without the range of regulation.

2. We must give our commissions the power which the New Hampshire commission now has to call in experts on matters affecting the interests of any given company (such as a request for a

certificate of public convenience) and charge the expense of these experts against that company. This will be an offset to the present inadequacy of appropriations and will also make unnecessary the building of too large a permanent staff of specialists.

3. We must pass legislation which will permit the introduction of prudent investment by contract. Every operating company is dependent upon permits and privileges of one kind or another. All we have to do is to decline to issue any further permits to a given company unless it agrees that from this time forth it will agree to a valuation on a prudent investment basis. Let it get from the courts whatever determination it can as to the rate base covering expenditures already made. After following this plan for a very few years we will be able to go to the books of the company and determine the base on which the return is to be allowed. Then with cost-finding rates can be equitably determined as between different classes of service.

4. There must be no misunderstanding as to the essential difference between a public service commission and a court. Unless the public service commission can be given an administrative function, regulation will fail.

The most effective regulation calls for two regulating agencies as was suggested to the Pennsylvania legislature of 1925 by the Giant Power Board.[1] This is largely the plan being followed in Great Britain. A program somewhat comparable to this was presented to the Wisconsin legislature at its recent session. In addition to a fair rate board or commission to look after the interests of individual consumers and follow the details of company operation we should have a master planning board for matters electrical. Now such planning is too largely the result of inter-company manipulations largely, if not wholly, inspired by financial—not to say speculative—considerations. Great commonwealths in a matter as vital as is electrical development should have some agency on the watch tower planning out—not so much what is best for the next few years—as what will be best for the state a generation or two ahead.

[1] The author of this article has on hand a few copies of the Report of the Giant Power Board which are available without charge to REVIEW readers.

OREGON VOTERS DEFEAT STATE ADMINISTRATIVE REORGANIZATION, BUT—

BY CHARLES McKINLEY
President, City Club of Portland

Voters overwhelmingly defeated consolidation amendment, but Governor Meier, elected by astounding majority, pushed integration before legislature with partial success and possibly more yet to come. ::

By a decisive majority the voters of Oregon last November refused to amend the state constitution to provide for the consolidation of all state administrative offices into nine departments. The plan, which was submitted by the legislature of 1929 to the voters, was the work largely of Hector MacPherson, a former member of the economics faculty of the Oregon State College. It was the culmination of years of intermittent agitation for a new set up, which began back in 1911 with W. S. U'Ren's and the People's Power League proposals. Efforts to secure a reorganization through legislative action alone had been made in 1919, when a special interim commission with the aid of Professors Mathews of the University of Illinois and Robert Leigh of Reed College had made a report pointing out the maladjustments in the Oregon situation and proposing a plan of integration. But the 1919 session of the legislature would have none of it. At nearly every subsequent session the issue was raised, but nothing happened until Hector MacPherson as a new member of the House in 1927 brought in a series of bills for revamping the whole structure.

While none of these were passed, MacPherson did further the process of educating the members to the problem, so that in the following session, 1929, two important things happened. First, the higher educational institutions (university, state college, and normal schools) were placed under the control of one board. The legislature had apparently become tired of the pulling and hauling of the friends of each institution for appropriations at every session. Secondly, a brief constitutional amendment covering the rest of the state administrative services was submitted for popular ratification or rejection and along with this measure was the creation of an interim commission of members of each house to study the comparative experience of other states with the "cabinet form of government" (as the plan was dubbed) and to work out an administrative code for putting the new scheme into operation. Mr. MacPherson was made chairman of this commission and bore the brunt of its activities and criticism.

The proposed amendment reduced the number of state elective officers from seven to three—governor, state treasurer and secretary of state; it made the governor the director of one of the nine departments (military affairs and state police) and left the other two officers with the duties imposed upon them by the constitution. Since the only duties given the secretary of state by that instrument were those of recording and auditing, most of the duties he had come to exercise would be available for distribution by the legislature

among the nine departments. The state treasurer, who was left out of the consolidation because of the opposition of the incumbent, a very influential state politician, had no duties specified by the constitution, so that the legislature would have been free to re-allot his duties. The nine departments proposed were: agriculture, labor and industry, financial administration, commerce, education, public works and domain, health and public welfare, state police and military affairs, and legal affairs. The department of education was to be supervised by a board of nine (doubtless the recently created state board of higher education metamorphosed). The governor was to direct the police and military agencies and each of the other seven departments was to be directed by a single commissioner appointed by the governor with the consent of the senate.

PUBLIC OWNERSHIP ISSUE TAKES CENTER OF STAGE

The interim commission completed its comparative studies in the spring of 1930 and published its first report embodying the results of its investigations which were, on the whole, quite favorable to the cabinet plan. This was released March 1. But the publicity for this matter was relatively ineffective because of the emergence of another issue which seized hold of the public imagination. That was the utility and electric power issue. This had been crystallized by the candidacy of Senator George W. Joseph of Portland, an independent Republican of picturesque personality, who had gotten into a row with certain members of the Supreme Court in a notorious legal case, had criticized one judge with particular severity, and had just been recommended for disbarment for his impudence. Joseph, who had long criticized the public utilities and the state regulatory commission, now tossed his hat into the ring of the primary contest for the republican nomination for governor. It was a four-cornered fight. After a brief but hot campaign, with the Portland *Oregonian* and the "respectable" element denouncing Joseph, and Joseph replying with the demand for public ownership and development of hydro-electric power by the state and the abolition of the public service commission, Joseph won the nomination. The bitterness of the primary campaign had scarcely begun to moderate when Mr. Joseph died.

Immediately the public ownership issue revived, for it lay in the hands of the Republican State Central Committee to name the candidate to fill the vacancy. A Joseph myth, with a halo about the memory of the lost leader, quickly came into being and the demand came from many parts of the state for a candidate who would assume the Joseph mantle and take up his program on the power issue. Very quickly also the name of Julius Meier, a life-long associate of Joseph, and the head of the largest merchandising firm in the state, came to the front as the choice of Joseph's followers. When the State Central Committee met it showed much ineptitude in performing its task (such as casting its vote by secret ballot) and named Phil Metschan, hotel man and long the chairman of the State Central Committee, as the republican candidate for governor.[1] Immediately the Joseph followers nominated Meier as an independent candidate, and a spectacular campaign was on, with the ample funds of Mr. Meier and his family and friends, furnishing the wherewithal to dramatize the power issue and the Joseph platform.

[1] See the article by James D. Barnett in the NATIONAL MUNICIPAL REVIEW, March, 1931, pp. 148 ff.

Everything else was pushed into a corner while Meier and Metschan, and Edward J. Bailey, the democratic candidate, occupied the center of the stage in a noisy verbal struggle over the power question.

This personal duel was reinforced by the discussion of a proposed constitutional amendment, initiated by the State Grange and the Joseph followers, which authorized the creation of water and utility districts throughout the state.

GRANGE AND LABOR OPPOSE CABINET MEASURE

There was little farmer interest in the cabinet government measure. Some of the grange leaders who were taking a prominent place in the power fight came out against the cabinet measure. The labor unions, through their state federation, also opposed the reorganization plan, filing an argument against it in the voter's pamphlet (which is sent by the secretary of state to every Oregon voter). While the labor people's opposition played upon the issue of "democracy versus autocracy" in government (and Hector MacPherson's infection with the monarchical ideas of Germany and England during his youth in the schools of those countries), the real basis of their opposition was probably their fear of losing their union influence in the naming of the commissioner of labor and industry, their possible loss of voice in the management of the industrial accident compensation work, and the spectacle of Governor Hartley's political machine in the state of Washington.

OTHER NEGATIVE FORCES

There were a good many business men and professional men who might have espoused the "cabinet" plan had they not thought of it in terms of Julius Meier, a renegade, in their view, from the safe and sane business community. Fearful of his election they could not accept a plan of state administration which would increase his power. Moreover the attack upon the public utility commission increased their uncertainty, for the amendment apparently placed the duties of this agency in the control of a single commissioner. Assurances that the amendment did not preclude the attachment of quasi legislative or judicial boards to departments did not remove these apprehensions.

It is needless to say that the multitude of state officers and boards which saw their autonomy threatened worked actively against the measure. Of particular value to them was the opinion of the attorney general (whose tenure would have been shortened by two years because of the abolition of that position as an elective office), that the proposed amendment would abolish the office of district attorney and vest the control of duties exercised by that officer in the governor's hands. This was perhaps the most telling criticism of the amendment for it aroused the suspicions of the legal fraternity generally and the sleeping prejudices for local control of law enforcement.

CITY CLUB PUSHES REORGANIZATION

The most influential group which endorsed the plan was probably the City Club of Portland; but its action and the report on the measure upon which its endorsement was based had scant effect upon Portland public sentiment. It is small wonder, therefore, that the electorate rejected the "cabinet form of government" amendment by a vote of 51,248 to 135,412. MacPherson was barely saved from defeat for reëlection to the house. Julius Meier, merchant prince, and champion of the cause of public development of hydro-electric

power, was swept into office by an astounding majority.

NEW GOVERNOR SECURES SOME INTEGRATION

Two months later the new governor took office and the legislature began its work. But the legislature was a cowed and frightened assembly, for the "people's mandate" was in the governor's hands ready to be waved, like the wand of the fairy godmother; when presto! the legislature would grind out the law he demanded!

The new governor was not long in discovering that the business of administering the state's affairs was a much more complicated matter than bossing a department store. The police agencies of the state were controlled by six different offices. There was the prohibition unit under the governor's direction, the traffic police under the secretary of state, and the highway commission, the game wardens under the game commission, and fish wardens under the fish commission and the fire wardens under the state fire marshal. The governor did not like this. And so he asked for a law consolidating these police services in one expanded police department under his control. The legislature gave it to him. MacPherson and some of the farmers, and the governor's own experiences, soon convinced Mr. Meier that the agricultural agencies should be amalgamated. And so there was passed a measure which consolidated some thirteen agricultural commissions, boards and offices into one department of agriculture headed by a commissioner appointed by the governor. In keeping with the Joseph platform the public utilities commission was abolished, but in its stead was created a single headed department with much the same powers as the old commission.

The governor had scarcely got his breath after the legislature adjourned before he was plunged into a spectacular row over the control of the state institutions for dependents and delinquents, particularly over the management of the penitentiary. All these state establishments have operated for some years under the state board of control, made up of the governor, the secretary of state, and the state treasurer. The gentlemen holding the last two offices belonged to the regular Republican group and were quickly brought into an antagonistic relationship with the governor. This drama proceeded for some weeks with increasing friction and increasing insistence by the governor that his ideas with regard to management be adopted when the treasurer suddenly died. The governor thereupon filled the vacancy with his leading adviser, Rufus Holman. This reversed the situation and gave the governor control of the board. It is interesting to speculate whether the governor would have been driven to a demand for complete gubernatorial control over the state institutions had he continued in a minority on the state board of control.

Thus despite the defeat of the amendment to reorganize Oregon's state administration along functionally integrated and responsible lines, some measure of integration has been achieved through the action of the legislature. Oregon is much more fortunate, in the legal conditions controlling this matter than many states. It is quite possible, merely by legislative action, to achieve a very drastic revamping of the whole structure. But the legislature has been most unwilling to act. Every state officer has had some friend or friends in the legislature to look out for his interests. The astonishing change manifested by the recent session is due to the remarkable popular prestige of the new governor. Should

this emotion last and should Governor Meier become increasingly interested in efficient administrative arrangements, of which his brief political career has manifested symptoms, it is possible that the next session of the legislature may push the changes in state administration far along toward the objective intended by the late lamented cabinet form of government amendment.

MUNICIPAL AFFAIRS IN INDIA

BY JOHN A. FAIRLIE
University of Illinois

Professor Fairlie has recently returned from an extended world tour. In this article he describes the curious mingling of the East and the West in the municipal governments of India. :: :: :: ::

India is primarily an agricultural country, whose inhabitants live mainly in countless villages, and only a small percentage of the total population of 325,000,000 are in cities of considerable size. But it has two cities (Bombay and Calcutta) of a million and more, and a score of cities of over 100,000; and it is of interest to note something of municipal conditions and problems in these cities, and to learn how far western methods are being adopted in these Asiatic communities. Considerable progress has been made in the application of modern methods, not only in the cities of British India, but also in cities of the Indian states. At the same time there are retained many features of the older and native civilization, which often result in striking contrasts.

OLD AND NEW MINGLED

Obvious contrasts first appear between the broad well paved streets in the European and outlying sections and the narrow streets and crowded conditions in the older native quarters. Motor cars, motor buses and electric trams mingle with small horse vehicles, bullock carts, and man-drawn rickshaws; and, in some cities camels, and even elephants, add to the congestion and the problem of traffic regulation. The larger cities and a considerable number of smaller places have good water supplies and drainage systems, though not always adequate in extent. Electric lights are common, but by no means universal; and some sizeable cities still depend on oil for illumination.

There are large and attractive parks, with interesting botanical and zoölogical collections, and provision for athletic games; also public markets, substantial municipal and other public buildings, and modernized fire brigades in some cities. There are many government, municipal and other hospitals; and much has been done to improve sanitary and health conditions; but birth and death rates are high (in most cities the death rate is higher than the rate of reported births); and housing conditions for much of the native population are far from satisfactory. Many schools and colleges are in evidence; but are far from adequate for the total native population even in the cities.

MUNICIPAL GOVERNMENT UNDER NATIVE CONTROL

Municipal government is controlled by the native population, with a few

Europeans in technical position. Some municipal councils have a Congress or Swaraj majority. These councils often contain elements of communal and functional representation; the latter element is especially important in the special bodies for the central ports and harbors. Calcutta has something like a city manager; and the administrative staffs seem to be generally on a fixed basis.

In the larger cities, municipal administration seems to be fairly stable and moderately efficient, though not up to the best western standards, and with some tendency to political discussion and manoeuvering. In the smaller municipalities the standards and results are less satisfactory, but with signs of improvement. Recent reports on municipal government in several provinces note laxity in collecting taxes and other revenues; and in a good many places the finances show a deficit. On the other hand, the Bombay presidency report notes that "the number of individual councillors who are willing to devote their time and thought without payment with the single purpose of serving their fellow citizens, though far too small, is slowly growing." In the Madras presidency, a conference of municipal officials in December, 1930, was attended by 150 from all parts of the province.

P. & A. Photos (London Bureau)

THE TRAFFIC COP IN INDIA

Police forces in cities are controlled by the provincial governments. These are well organized, trained and disciplined; and at least in some provinces are composed of men from other provinces less subject to local influences. Traffic regulation is an important phase

of their work in the cities. In dealing with the civil disobedience movement, there have been frequent arrests of Congress leaders and journalists on charges of sedition, and also forcible suppression of proscribed demonstrations in which considerable numbers have been injured. The police have been much criticized for these actions by supporters of the Congress party; but the important question is that of general policy as between the government and the instigators of the civil disobedience movement. Several officials and others have been killed. From time to time there are racial and religious disturbances, occasionally approaching a serious riot, between Hindus and Mohammedans, and in Rangoon between Burmese and Chinese.

CALCUTTA

At the census of 1921, Calcutta had a population of over 900,000; but including the suburbs it has well over a million inhabitants. In the middle of the eighteenth century the population was estimated at over 400,000; and, for a long time the capital city for the government of British India, it was the largest and most important city of India. The history of its local government begins in the eighteenth century with appointed officials; but in 1847 a board of seven commissioners was established, four elected by the ratepayers. In 1876 a new corporation was created with 72 members, of whom 48 were elected and 24 appointed. Further changes were made in 1888, 1899 and 1923.

In the latter year the boundaries of the city were enlarged and the voting franchise extended. Since that time the municipal corporation has consisted of 90 members, of whom 63 are elected, 48 by the general class of voters from 32 wards, and 15 by Mohammedans, from 7 districts. Twelve members are chosen by the Chamber of Commerce, the Port Commission and the Calcutta Trades Association; ten are appointed by the provincial government; and five aldermen are coöpted by the other members. All are chosen for three-year terms. This council elects a mayor, deputy mayor, chief executive officer and other officials. The council also elects three members of the Calcutta Improvement Trust, one member of the Calcutta Port Trust, representative to the Bengal legislative council; and members to various governing bodies and committees on hospitals and other institutions. It has seven general standing committees, four district committees, a primary education committee and a provident trust committee. Politically the council has a majority of Swaraj members. Twelve members have European names.

The mayor is chairman of the council. Since 1923 there have been four mayors, one serving for five years. But the general supervision of the municipal services is under the direction of a chief executive officer, chosen by the council, subject to the approval of the provincial government. The present holder of this office has held the post for five years, at first as an acting official. Before that, he had been secretary of the corporation for three years, vice-chairman for two years, and the first deputy executive officer. His position has some resemblance to that of city manager, overseeing the various branches of municipal administration, and making appointments to subordinate posts. The higher positions are filled by the committees or the council; and the chief engineer and the health officer must be approved by the provincial government.

The present secretary of the corporation has held this position since 1922, and had been acting secretary for some

time before. The present chief engineer was chosen in 1922, after having been acting as such for some time; and the present health officer was chosen in 1927, also after acting as such. Only half a dozen officials have European names (including the treasurer and chief engineer) and one of these recently appointed is a German. The mayor, chief executive officer, and other officials are native Indians.

Municipal institutions include: birth registration offices and vaccination stations, animal vaccine depot, municipal dispensaries, maternity homes, milk kitchens, seven slaughter houses, seven markets, two crematories, motor vehicle garages, a municipal railway (for the removal of refuse) workshops, water supply and drainage pumping stations, and 218 primary schools.

The central business and suburban sections have broad, well paved streets, and substantial public and private buildings. North of the central business section is an extensive park, called the Maidan, some two miles long by half a mile wide, which is a valuable breathing place for the city. The water supply comes from the Hooghly river, but the filtration plant is not adequate, and there is also an unfiltered supply. The primary schools have about 26,000 children.

Electric light, a good electric street railway service, and local motor bus lines are furnished by private companies, under licenses from the provincial government. A scheme for a municipal electrical supply is under consideration.

The corporation is required to spend certain amounts each year for primary education and for improvement works in areas recently added to the city. Specific powers have been given to establish municipal dairies, cowsheds and grazing grounds, and to take other steps for improving the milk supply, most of which comes from cattle kept within the city. Powers have also been granted to provide funds for playgrounds, and to open depots and shops for trading in foodstuffs, cloth, fuel and other necessaries of life in an emergency, with the sanction of the local government department of the provincial government. Building construction is regulated.

Two other agencies dealing with local matters are the Calcutta Improvement Trust and the Calcutta Port Commission. The Improvement Trust consists of eleven members, six appointed by the provincial government (one of whom is the chief executive officer and two are members of the council), three selected by the municipal council, one by the Bengal Chamber of Commerce and one by the Bengal National Chamber of Commerce. This body has charge of street and other improvement schemes, and receives one-tenth of the municipal tax revenue. In connection with such improvements it may acquire land in addition to that needed for the street improvement, and sell the excess. In some cases betterment assessments are levied on benefited property.

The Calcutta Port Trust, established in 1870 and reorganized in 1890, consists of a chairman, deputy chairman and fourteen commissioners of whom five are appointed by the government of Bengal, six by the Bengal Chamber of Commerce, and one each by the Calcutta Trades Association and the municipal corporation. It has charge of harbor improvements, by deepening the river, building wharves or jetties, and enclosed docks, with warehouses, oil depots and other facilities.

BOMBAY

With a population of more than a million in 1921, Bombay is now a larger city than Calcutta, and is also a city of

greater wealth and commercial activity. Its growth has been definitely due to the connection with England. When granted by the Portuguese as part of the dowry of Catherine of Braganza on her marriage to Charles II it was of very minor importance; and has developed with the expansion of trade and industry.

In its physical aspects, it presents to the visitor much the appearance of a prosperous European city, with broad main streets, well laid out, and kept in an excellent condition. Imposing public and business buildings, and magnificent residences, of wealthy Parsees and Indian princes give an impression of prosperity. The cotton mills are of a monotonous type of construction; and the native quarters, though picturesque, are narrow, tortuous and crowded. However, some attention has been given to improved housing conditions.

The water supply, from a lake fifty miles away, was until recently unfiltered; but since 1924 filtration works have been constructed, with reservoirs, furnishing a supply of 90 million gallons a day. A hydro-electric scheme for the development of 80,000 horse power has recently been undertaken.

Much of the present city is built on land reclaimed from the water, uniting several islands into one. The Victoria gardens are on reclaimed land, and there are attractive drives along the waterfront.

Underwood & Underwood

THE MUNICIPAL OFFICES, BOMBAY

A good deal has been done in the way of sanitation and health improvement and the death rate (22 per thousand) is the lowest for the larger cities of India. The milk supply comes from cattle kept within the city, but a plan to secure milk from the country has been under consideration.

The municipal corporation consists of 106 members, 76 elected by wards; 4

appointed by the Chamber of Commerce, the Indian Merchants' Association, the Mill Owners' Association and the university; 16 appointed by the provincial government; and 10 coöpted. This has a series of standing committees and a schools committee. A municipal commissioner appointed by the provincial government has supreme executive authority. The conduct of municipal affairs is said to be fairly good, though the council sometimes takes part in general political discussions.

As in Calcutta there are two special agencies dealing with important local matters. The Port Trust established in 1873 succeeded the Elphinstone Land and Press Company, organized in 1862. As reorganized in 1879, the Port Trust consists of a chairman and 20 members; 7 appointed by the provincial government, 5 by the Chamber of Commerce, 5 by the Indian Merchants' Association, 2 by the municipal corporation, and 1 by the Mill Owners' Association. This has charge of harbor improvements including docks, wharves, pilotage and port regulations, and also of land reclamation schemes, a new project being now under way.

The Improvement Trust, formed in 1896, has undertaken other schemes for land reclamation and development. This consists of 14 members: four appointed by the municipal corporation, one each by the Chamber of Commerce, Mill Owners' Association and Port Trust, and seven ex officio or nominated by the provincial government.

MADRAS

Third in population of Indian cities, with half a million inhabitants, Madras was the first center of the East India Company, and the earliest municipal corporation to be established; but it has relatively lost ground to Bombay and Calcutta. With about half the population of these cities, it occupies a larger area than Bombay and but little less than Calcutta, extending nine miles along the coast and from two to four miles wide. The main streets are broad and well paved and the Marina drive along the seafront and the People's Park are attractive recreation centers. There is a good water supply from Red Hills Lake, seven miles distant, constructed from 1868 to 1882.

There are substantial public and private buildings; but the general impression is that of arrested development. While the Madras presidency ranks next in population to Bengal, foreign trade is much less and the harbor is small and less active. The local street railway service is inferior to those of the larger cities. The native quarters, as in other Indian cities, are narrow and crowded.

The municipal corporation is composed of a president appointed by the provincial government and fifty councillors: 41 are elected by the ratepayers and public bodies, and 9 are appointed by the provincial government.

As in Bombay and Calcutta there is a special Port Trust Board, organized under an act of 1905 and amended in 1919. This consists of 14 members; 6 appointed by the provincial government, 4 by the Madras Chamber of Commerce, 2 by the South India Chamber of Commerce, and 2 by the Trades Association.

RECENT BOOKS REVIEWED

NEIGHBORHOODS OF SMALL HOMES. By Robert Whitten and Thomas Adams. Volume III of the Harvard City Planning Studies. Cambridge: Harvard University Press, 1931.

The pleasure afforded by reading this new volume of the Harvard City Planning Studies is tempered only by the certainty that no brief review will do it justice. The research deals with an important and difficult subject confronting the city planner—and a matter of interest and concern to realtors, investors, home owners, administrators, and others. The information collected is valuable and is particularly well presented and arranged.

The sub-title, "Economic Density of Low-Cost Housing in America and England," indicates the general scope and purpose of the report. Collection of data in the United States was limited to cities in the north-central and eastern states—a desirably large area—and no cities of over a million population were included, except that figures for Boston cover the entire metropolitan area. Studies were made in seventy-three cities of from 30,000 to 1,000,000 population.

The volume is in two parts—the first, by Robert Whitten, deals with conditions in the United States, and the second, by Thomas Adams, describes conditions in England. The two studies follow the same general direction except in so far as the basic data available compelled divergency of approach.

Two chapters of the American discussion take up the existing demand for small houses and low-rent apartments and the present situation as to the building of low-cost houses. There are statistics on: rental expenditures in the various income groups, the trend toward apartment-houses, family investment in housing, home-ownership and family income, and the housing of the lower-income classes. Interesting figures are given as to acreage cost of land when ripe for building development, both as average and as separate figures for cities of varying population. One of the conclusions drawn from these comparative data is summarized as follows: "It is evident that for low and medium-cost houses acreage values in tracts ripe for building tend to increase directly with the housing density customary to a particular city. Smaller lots do not necessarily mean cheaper houses. The development of a district in smaller lots may result in such a great increase in acreage values that the fifteen-foot lot will cost as much as the former 40-foot lot."

Inferences and conclusions drawn from the data are numerous and valuable, but scarcely to be contained in a review. The reader should follow the author through the mass of figures, checking as he goes, to fully evaluate the book. Such a careful reading will be well repaid, not only in factual knowledge gained but in the many ramifications of the subject suggested by the data.

Mr. Whitten's chapter on Planning as Affecting Improvement Costs and Community Values is especially significant. Comparatively simple mathematics and a great deal of intelligence and ingenuity on the part of a few planners, builders, and architects, have resulted in the creation of several socially desirable and economically profitable community developments in America and this chapter shows some of the background of study and figures on which they were built.

Treatment of the English housing schemes affords valuable opportunities for comparison with data for the United States. Mr. Adams summarizes English housing legislation and this at once points the difference between the two situations, for England has gone far in subsidizing housing for the lower income groups, a policy always regarded with considerable disfavor in this country.

RUSSELL VAN NEST BLACK.

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REPORT ON TAXATION IN WEST VIRGINIA. Submitted to the Governor of West Virginia by Roy G. Blakey. 1931. 452 pp.

"Because of the diversity of opinion on the tax situation and its possible remedies in West Virginia," Governor William G. Conley engaged Professor Roy G. Blakey, tax expert of the University of Minnesota, to make an impartial and unprejudiced survey of the state and local tax situation. In a document of more than 400 pages, Professor Blakey presents findings that analyze in a careful and comprehensive manner each important state and local tax. A significant part of the report is the review of the experiences of other states, particularly of those

features of their tax systems which it was believed would prove helpful to West Virginia in working out a solution of her tax problem.

In his recommendations, Professor Blakey emphasizes that "the putting of the property tax upon a sound and equitable base is the most important task now before the state." While he recognizes that other state taxes need changing, he feels strongly that "most can be accomplished at this time by concentrating all attention and all energies upon the one big task and by refusing to be distracted by lesser matters, however meritorious they may be." Since the administration of the general property tax is "very antiquated, inefficient, and inequitable," the report urges a thorough reassessment of all property in the state, and the granting to the state tax commission of ample authority, funds, and moral support to maintain adequate supervision over all assessments and equalization.

When the time is opportune, the author recommends that the state consider the following: a constitutional amendment providing for low rate, or income, taxation of intangibles; special treatment of growing timber; in place of the general sales tax, an excise tax upon all occupations, measured by net income, with rates high enough to result in no substantial decrease in revenue (a modern general income tax should be considered later); the increase of the inheritance tax rates upon the larger legacies going to remote relatives and strangers up to a maximum rate of 20 per cent; the increase of the gasoline tax from four to five cents per gallon; the enacting of future tax legislation in the general direction of the National Tax Association's model system, in so far as suitable to the West Virginia situation.

While the report focuses attention upon improving the administration of the general property tax, it gives at the same time detailed consideration to such other important features of state taxation as sales taxes, state income taxes, inheritance and estate taxes, gasoline and motor vehicle taxes, and taxation of forests. The author presents a careful discussion that covers both the theoretical and practical aspects of these several methods of taxation.

The entire document is commendable for its unprejudiced and impartial character.

MARTIN L. FAUST.

MUNICIPAL REPORTS

AUSTIN, TEXAS. *Report of the City Manager.* By Adam R. Johnson, City Manager. 91 pp.

TWO RIVERS, WISCONSIN. *Fifth Annual Report.* By E. J. Donnelly, City Manager. 58 pp.

WICHITA, KANSAS. *Report of City Manager.* By Bert C. Wells, City Manager. 70 pp.

These three reports from cities varying greatly in size are about equal in merit, with the odds slightly in favor of the Two Rivers report. They were all issued approximately three months after the close of the period which they cover.

Each report contains a list of outstanding accomplishments for the period covered, and from them we learn that the city of Austin has established complete budget control over all revenues of the city and installed a centralized accounting system which yields a daily accounting of all receipts, disbursements, and budget appropriations, inaugurated police and fire schools, and required mental and physical examinations of all applicants for the police and fire departments. From the Two Rivers report we observe that the city established a nursery, completed a comprehensive sewer survey, and purchased additional school sites. Wichita purchased a sixteen and one-half acre tract for a new city park, constructed two new fire stations, and began the construction of an important grade separation and a new sewage disposal plant.

By way of comparative statistics, the Two Rivers report easily leads the other two, for it gives comparative figures for all statistics of any importance, and in most instances for at least five years. Fire losses are given for each year since 1926 in spite of the fact that for the current year the loss was greatly in excess of any previous year. It is, therefore, evident that no attempt was made to conceal the facts. Such honesty in reporting is highly commendable and cannot help but create an attitude of confidence on the part of the citizenry of that community. Paramount even to intelligent and understandable reporting is the necessity for uncompromising honesty on the part of the report writer if confidence in public officials is to be attained.

CLARENCE E. RIDLEY.

The University of Chicago.

REPORTS AND PAMPHLETS RECEIVED

EDITED BY EDNA TRULL

Municipal Administration Service

Minnesota Year Book.—Minneapolis, 1931. 392 pp. It seems incredible that one slim volume could contain as much material as this does. Six pages of table of contents and a detailed index only hint at the comprehensiveness of the important and useful information about Minnesota, published in this Year Book by the League of Minnesota Municipalities. Facts and lists are made interesting with pictures, diagrams and tables. The material so thoroughly treated includes state government in all its departments, county government, local government, taxation and finance, public utilities, fire insurance rates, election procedure, regulation of business and occupations, organizations and associations, population statistics, and the constitution with proposed amendments. It may be hoped that other states will follow the example of Minnesota in the regular publication of such an intensely valuable book. (Apply to League of Minnesota Municipalities, University Library, Minneapolis.)

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American Civic Annual.—Edited by Harlean James. Washington, D. C., 1931. 350 pp. The third volume of the series contains a number of short articles on the various aspects of the intelligent use of the natural resources of the United States—urban and rural. Outstanding leaders contribute papers on our national and state parks and forests, planning development, roadside beautification, public buildings, and other evidences of recent civic advance. The book also contains a list of members of the Association, all of whom are elected on the basis of their civic achievement. (Apply to American Civic Association, Inc., Union Trust Building, Washington, D. C. Price $5.00.)

✻

Report on the Child Offender in the Federal System of Justice.—National Commission on Law Observance and Enforcement, Report No. 6, 1931. 175 pp. with tables and maps. The study on which this report is based was made under the joint auspices of the Commission and the White House Conference on Child Health and Protection. Directed by Dr. Miriam Van Waters, the investigations have concerned the problems presented by the child offender to the states and to the federal government. This report, which covers the latter section of the study, reveals an undesirable state of affairs greatly in need of adjustment.

The creation and development of the juvenile court in the United States has been made possible by a line plainly drawn between child and adult in the state law. This clear distinction, the report points out, has never been made in federal law. The child approaches the court of the United States on the same footing as the adult. Child offenders are constantly being brought before the federal courts, however, and imprisoned for breaking federal laws. The great majority of these juvenile offenders are typical delinquency cases which only by accident have fallen within the federal jurisdiction.

Neither the federal system of justice, the federal probation machinery, nor federal institutions has the equipment and the facilities necessary to give child offenders the peculiar consideration which they should receive. Many of them are confined, while awaiting trial or after sentence, in local jails which do not provide for the effective separation of child and adult. They are committed for longer terms to federal penitentiaries where no distinctive treatment can be applied to minors, or to institutions, located often thousands of miles from their homes, where individualization of treatment is entirely lacking.

The federal government, the report concludes, is not equipped to serve as a guardian to the delinquent child and should not assume this task. It should be impowered to withdraw from the prosecution of juveniles and leave the treatment of their cases to the juvenile courts or other welfare agencies of their own states. (Apply to Superintendent of Documents, Washington, D. C. Price 40 cents.)

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The Detroit House of Correction Organization of a Welfare Department.—Detroit Bureau of Governmental Research, 1931. 31 pp. The

commissioners of the House of Correction asked the Bureau and the Community Union to survey its welfare work and to make recommendations for improvement. This report is, therefore, a description of the work as now maintained, and detailed suggestions for better organization. Especially important is a reorganization of the work to use more effectively the personnel available, and the listing of requirements for new members for the administrative or clerical work of the department. (Apply to Detroit Bureau of Governmental Research, Detroit, Michigan.)

✻

Program-Conference on University Training for the National Service.—University of Minnesota, 1931. 32 pp. The University of Minnesota, the United States civil service commission and other agencies of the national government sponsored this conference to consider the career aspects of national civil service, university-training for these positions and the relationship between government and university. Emphasis was placed on the fields of agriculture, forestry, law, economics and statistics, public welfare, physics and chemistry, social welfare, engineering and consular and diplomatic service. The main part of this pamphlet is devoted to a table showing the number of positions in each class in the United States professional and scientific service, with the salary range, the department or bureau concerned and the number of positions in field and District of Columbia. (Apply to University of Minnesota, Minneapolis.)

✻

The Cost of County Government.—Detroit, Michigan, 1931. 24 pp. The department of systems and reports of Wayne County have prepared this analysis of expenditures 1926–1930 under the direction of the board of auditors. Tables setting forth actual expenditures for each function of county government and their relation to the total emphasize the analysis. In this five-year period, Wayne County has doubled its annual expenditure, due particularly to expanded functions. Administrative costs have not increased in proportion to the entire budget. (Apply to Board of County Auditors, Detroit, Wayne County, Michigan.)

Proceedings of the Seventeenth Annual Conference on Highway Engineering.—University of Michigan, 1931. 221 pp. This is the report of the 1931 conference of the University of Michigan College of Engineering coöperating with the state highway department and the Michigan Association of Road Commissioners and Engineers. Topics discussed include the licensing of automobile drivers, aerial highway surveys, concrete pavement design, low cost bituminous surfaces, low cost bridges, highway economics, frost heaves in Michigan, soil science applied to Michigan highway engineering, repairing pavement settlements and others. (Apply to University of Michigan Press, Ann Arbor, Michigan.)

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Survey of the Pasadena City Schools.—California Taxpayers' Association, 1931. 331 pp. with tables and charts. The board of education requested this survey which was under the direction of Harold A. Stone. Other research workers including educational specialists assisted. The comprehensive and detailed study covers organization and administration, finance, educational program, teaching costs, business management, schoolhousing and building program. Each of the forty chapters closes with the summary of the findings and frequently with further recommendations. The volume is now published with a number of footnotes pointing out recommendations already put into practice. (Apply to California Taxpayers' Association, 775 Subway Terminal Building, Los Angeles, California. Price $2.00.)

✻

Annual Report of the Department of Waste Collection 1930.—Cincinnati, 1931. 32 pp. John R. Manion, superintendent of the waste collection department, has put in his annual report a collection of tables and statistics which are particularly interesting for the thoroughness in which the unit costs have been secured. The efficiency of this department is measured by the 70 per cent reduction in complaints as well as noteworthy economy in operation. (Apply to John R. Manion, Waste Collection Department, City Hall, Cincinnati, Ohio.)

JUDICIAL DECISIONS

EDITED BY C. W. TOOKE
Professor of Law, New York University

Zoning—Recent Decisions of the New York Court of Appeals Defining the Limits of the Power to Restrict the Use of Property by Zoning.—The Court of Appeals of New York has recently decided four important cases which go a long way to protect the property owner's rights as against too stringent restrictions in zoning ordinances. In two of these cases, the court carefully pointed out that aesthetics, as yet, is not a proper basis for the districting and zoning of a municipality. In the *Matter of Eaton* v. *Sweeny, Comr. of Public Safety*, 257 N. Y. 176, 177 N. E. 412, the city of Saratoga Springs had zoned plaintiff's land in a "C" district which permitted the construction of only a private dwelling, boarding house, sanitarium, or hotel. The property of the plaintiff faced on the main street near the business and civic center of the city and for many years had been used solely for parking cars and conducting a taxicab business. The evidence showed that the principal purpose in enforcing the ordinance against the plaintiff's property was that the appearance of the neighborhood would be improved. In granting the plaintiff an alternative order of mandamus in order that the questions of fact in the case be determined, the court stated that the zoning restrictions were unreasonable and arbitrary as to plaintiff, since the ordinance would deprive him of any profitable use of his property merely to beautify the appearance of the city. The court pointed out that while aesthetic considerations may be considered in formulating a general zoning plan, it cannot be made the sole basis and that no zoning ordinance can be upheld if the direct result is to render private property valueless.

In *Dowsey* v. *Village of Kensington*, 257 N. Y. 221, 177 N. E. 427, the plaintiff sought a declaration by the court that the village zoning ordinance was void. In this case practically all the territory of the village including plaintiff's land had been put into a district restricted to the erection of dwelling homes, churches, schools and civic buildings. The plaintiff's property in this case lay in the outskirts of the village on the main traveled highway along which, before it enters the village, are many business buildings and apartment houses. The court affirmed the finding of the lower court that the restriction of the plaintiff's property to one-family houses was unreasonable and confiscatory. Here again, the evidence showed that the main purpose of the ordinance as applied to the land in question was to maintain the rural character of the village as a whole.

The village in this case set up that the plaintiff could not thus attack the validity of the ordinance till she had exhausted her administrative remedies by application for a permit, and an appeal to the board of zoning appeals. The court holds that the rule contended for does not apply where as in the instant case the restriction itself constitutes an invasion of property rights of the plaintiff.[1] In contrast to the Kensington case, is the recent decision of the Appellate Division, Second Department, in a case involving the general zoning ordinance of the village of Scarsdale, which restricts business structures and apartment houses to a small district in the immediate vicinity of the railroad stations (*Matter of Fox Meadow Estates, Inc.* v. *Culley, Building Inspector*, 233 App. Div. 250, 252 N. Y. S. 178). This decision reversed the judgment of the lower court which held that the ordinance was unreasonable and invalid. In this case the lands open for apartment and business uses comprised less than one-half of one per cent of the area of the village, but the court held that under the peculiar conditions the zoning ordinance was reasonable and did not deprive the plaintiff of the beneficial use of his lands. Upon

[1] See contrary view in New Jersey and Pennsylvania: Lutz v. Kaltenbach, 101 N.J.L. 316, 128 Atl. 421, 129 Atl. 926, 131 Atl. 899 (1925); Taylor v. Moore, 303 Pa. 469, 154 Atl. 799 (1931). The latter case is noted in the September, 1931, issue of this REVIEW at page 539.

the general power of the village to zone, the court said:

> The power of a municipality to determine for itself what plans are necessary to promote the public health, morals, safety, and the welfare, convenience and general prosperity of its people is a legislative question, which may not be interfered with by the courts except in rare instances.[1] We find nothing in the nature of things unreasonable and discriminatory in this case. Generally, in cases of this kind, there is resulting loss to individuals where there is public benefit. Those conditions are incident to legislation of this character, but they furnish no ground for a declaration of unconstitutionality. There is no rule or standard found in other municipalities that may be inexorably applied to this village. It may adopt plans suitable to its own peculiar location and needs, acting reasonably.

In the case of the *People ex rel. St. Albans-Springfield Corporation* v. *Connell*, 257 N. Y. 73, 177 N. E. 313, the question arose as to whether the trial court was limited to review the *jurisdiction* of the board of standards and appeals of New York City in denying an application for a variation of the zoning ordinance or whether it could review and hear *new testimony and make its own decision of the matter*. The facts showed that the relator owned a certain lot in the city (in a section of New York which curiously enough is still rural), that the people in the vicinity were transported by bus and automobile since other transit facilities were lacking, that its property was placed in a business district, and that being unable to dispose of it profitably it had asked the board of standards and appeals to allow it to erect a gasoline station on its corner lot. This application of the relator was denied. The lower court ordered the referee to take testimony as to the practical difficulties and unnecessary hardships in the case. The referee reported that the site in question was not suitable for the erection of a business building of any character whatever and that a gasoline service station was the only available use to which the property in question could be put. The court confirmed the referee's report and permitted the relator to place a gasoline station on its lot. The board of standards and appeals contended that the court had no right to review the board's decision in the above manner and that it is limited to a review of the board's jurisdiction. The Court of Appeals held that it was within the power of the supreme court to review the decision of the board,[2] but cautioned that the court should proceed with extreme care so as not to substitute its own discretion for that of the board. Judge Crane, in referring to the province of the board of standards and appeals says that its "judgment should be final unless it clearly appears to be arbitrary or contrary to the law. The powers of the board, as outlined in section 719 [Greater New York Charter] are very largely administrative, including much that has to do with the zoning situation. The courts must not trespass upon this administrative work, but confine their review to correcting legal errors."[3] The court in its decision, however, modified the order of the supreme court and held that the relator should only be permitted to use its premises for a gasoline station so long as the neighborhood remains substantially the same, and that, if a change takes place, then upon application of the authorities or any one interested the gasoline station must be removed.

In *Town of Islip* v. *Summers Coal and Lumber Co.*, 257 N. Y. 167, 177 N. E. 409, the Court of Appeals affirmed the judgment of the trial court, which had been reversed in the appellate division, upholding an ordinance of the town which provided for a setback of ten feet for that part of one of the main streets of the village which was zoned for business purposes. In the absence of facts in the record showing such a restriction to be unreasonable the court refuses to declare the ordinance invalid. The court cites and follows the decision of the Supreme Court of the United States in *Gorieb* v. *Fox*, 274 U. S. 603 (1926) in which reasonable setback lines in a residence district were attacked. The Supreme Court in that case indicated that it would not set aside the decision of the highest court of the state which had adjudged such restrictions to be valid, unless it were plainly shown that they were "clearly

[1] The court cited the following cases: Matter of Wulfsohn v. Burden, 241 N. Y. 288; Euclid v. Ambler Realty Co., 272 U. S. 365; Zahn v. Board of Public Works, 274 U. S. 325.

[2] The court cited §719a (4) of the Greater New York Charter: "If, upon the hearing [before the Supreme Court], it shall appear to the court that testimony is necessary for the proper diposition of the matter, it may take evidence or appoint a referee to take such evidence as it may direct and report the same to the court with his findings of fact and conclusions of law, which shall constitute a part of the proceedings upon which determinations of the court shall be made. The court may reverse or affirm, wholly or partly, or may modify the decision brought up for review."

[3] See Dr. Freund's article on the Power of Zoning Boards of Appeals to Grant Variations, in the September 1931 issue of the NATIONAL MUNICIPAL REVIEW.

arbitrary and unreasonable, having no substantial relation to the public health, safety, morals or general welfare."

ADRIAN SELIGMAN.

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Police Power of Cities—Review of Recent State Decisions by the Supreme Court of the United States.—On the current docket of the Supreme Court are four very interesting cases raising questions as to the constitutionality of charter provisions and municipal ordinances. Perhaps the most important of these is No. 181, *Marblehead Land Company* v. *Los Angeles*, 47 Fed. (2d) 528, a petition for certiorari from the Circuit Court of Appeals, Ninth Circuit, which concerns the validity of a zoning ordinance prohibiting the continuance of oil drilling upon unimproved lands in an outlying section of the city. The decision of the lower court is reviewed in the April, 1931 number of the REVIEW.

A second case, *Walnut & Quince Streets Corporation* v. *Mills*, 154 Atl. 29, No. 105, comes for review by appeal from the Supreme Court of Pennsylvania and involves the validity of a provision of the Philadelphia Charter of 1915 establishing a board known as the "art jury" which is empowered to regulate by license encroachments upon the public streets by way of signs, ornamental fronts, etc. This case was reported in the June, 1931, Judicial Decisions of this REVIEW.

A third case, No. 63, from the Supreme Court of Ohio, *Hodge Drive-It-Yourself Co.* v. *Cincinnati*, 175 N. E. 196, was the subject of a note in our April, 1931, Judicial Decisions. The state court sustained the validity of an ordinance requiring companies renting cars to be driven by the persons hiring them to take out liability insurance or to file an idemnity bond as prerequisite to a license to operate such cars upon the public streets. The case involves the nice question whether such companies under the law are using the highways for profit. As similar ordinances have been enacted in several cities, the question is one of general interest. A statute requiring similar security to be given by companies engaged in the business of renting cars was declared to be invalid by the Supreme Court of Wisconsin in *Watts* v. *Rent-A-Ford Co.*, 236 N. W. 521, decided last May, because its application was limited to cities, and not made general as required by the state constitution. But in that case the court said that the object of the statute clearly falls within the police power and should be upheld if extended to all municipalities.

The fourth case, No. 353, *Schick* v. *New Orleans*, 49 F. (2d) 870, raises the comparatively simple question of the validity of an ordinance requiring firms engaged in moving furniture or household effects of persons changing their residences to file a report of the fact within one day with the chief of police. The purpose of the ordinance is to protect insurers or creditors having a lien upon or other property interest in the goods against the clandestine moving and concealment of them. It is aimed at the protection of property rights and the detection of crime. No particular burden is placed upon the persons it affects as blanks for such reports are furnished by the city. The ordinance has been declared valid both by the Supreme Court of Louisiana (167 La. 674, 120 So. 47) and by the Circuit Court of Appeals, Fifth Circuit (49 Fed. [2d] 870).

Whether the Supreme Court will entertain these appeals will be decided at an early date. If the Court refuses to review any of these decisions, the judgment of the lower court will stand as final.

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Contracts—Requirement of Competitive Bidding as Applied to Services Rendered by a Corporation.—It has been uniformly held that statutes general in their terms requiring competitive bidding upon public contracts do not apply to contracts for the employment of engineers, physicians, attorneys or others who are to render professional services. In an early New York decision the court construed a statute which required that every contract of a municipal corporation for work to cost more than $2,500 should be let to the lowest responsible bidder as not intended to include professional services (*People* v. *Flagg*, 17 N. Y. 584). This decision has been quite generally followed and the principle applied to the employment of architects, artists and accountants (*Tackett* v. *Middleton*, [Tex. Comm. App.] 280 S. W. 563, 44 A.L.R. 1143 and note).

In *Johnson-Olmsted Realty Co.* v. *Denver*, 1 Pac. (2d) 929 the question arose whether the rule excepting professional services from the purview of such a statute should be applied to a contract with a private corporation, organized to practice architecture. The city had entered into a contract with an incorporated association made up of licensed architects known as The Allied Architects, Inc., which proposed to furnish the services of three architects and a superintendent of construction on municipal work. While the

court seems to favor the plaintiff's contention that under the laws of Colorado a corporation may not practice architecture, it based its finding that the contract was invalid directly upon the ground that the sections of the charter requiring competitive bidding apply to all contracts by which any services of a non-professional character are to be performed. It had earlier been held in *Colorado Springs* v. *Covay*, 25 Colo. App. 460, 139 Pac. 1031, that the employment of a building superintendent on public work came within requirement of competitive bidding, the work being considered to be of a non-professional nature.

The only other decision apparently in point is that of the Comptroller General of the United States (A-28907) given in 1929, which held that under a statute requiring competitive bidding but expressly excluding contracts for personal services the commissioners of the District of Columbia had no authority to make a contract with an incorporated association of architects except by competitive bidding. Both these decisions are based upon the inability of the courts to extend further by construction the exceptions already made to the plain language of the statutes. The principle upon which the legislature in some instances and the courts by construction in others have made an exception in favor of those performing professional services is their personal responsibility to exercise skill and care in the discharge of their duties. To substitute a corporate for a personal liability would not insure to the public the same high degree of skill and care, the responsibility would be divided and the only remedy available for a failure to properly perform the duties imposed by the contract would be to receive monetary damages. If it be advisable to place corporations performing professional services upon the same footing as individuals, the result can be effected only by action of the state legislature.

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Indebtedness—Constitutional Limitations—Circumvention by Purchase under Contract to Lease.—The Supreme Court of Oregon in *Brewster* v. *Deschutes County*, 1 Pac. (2d) 667, reaffirms its earlier decisions to the effect that the constitutional limitation upon indebtedness cannot be circumvented by the device of making a lease with an option to purchase. Section 10 of Article 11 of the state constitution limits the "debt or liabilities" of any county to $5,000. The plaintiff sought to enjoin the county from entering into a contract by which one Brooks was to construct a combination court house and city hall on land owned by the city and lease the building for a term of 17½ years to the county and city jointly at a monthly rental of $750 of which the county would pay $525. A further provision of the proposed contract gave the county and city an option to purchase the building and to apply on the purchase price all rentals already paid. A statute enacted in 1930 purported to confer upon the counties of the state the express power to enter into such a contract, but the facts showed that the defendant county was already in debt far in excess of the statutory limit.

In overruling the lower court which had dismissed the complaint, the supreme court reaffirms the position it took in the case of *Salem Water Co.* v. *City of Salem*, 5 Ore. 29, wherein it held that any lease requiring periodical payments for services to be rendered imposed a liability and came within the definition of a "debt" as the word is used in the constitution. The opinion to the contrary in *City of Joseph* v. *Joseph Water Works Co.*, 57 Ore. 586, 111 Pac. 864, 112 Pac. 1083 is repudiated as a dictum and the wisdom of the earlier decisions strongly vindicated. The decision should be a warning to those who assume that the courts will modify constitutional limitations to meet the pressing need of a larger municipal expenditure.

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Indebtedness—Recovery upon Bonds Issued to Pay for Improvements where the Officers are Directly Interested.—The question whether a municipality may successfully defend an action upon bonds issued for an improvement in which the officers in charge are directly interested or one promoted to aid a private enterprise was before the Supreme Court of Ohio in *State* v. *Board of Commissioners of Allen County*, 177 N. E. 271. The record showed that the board of commissioners with general power to make such an improvement had let a contract for sewers in a sparsely settled subdivision and pledged the credit of the county therefor. All the formal provisions of the statute were complied with, the improvement completed and bonds sold to raise the necessary funds. When the bonds became due the county refused to pay and the plaintiff filed an original petition with the supreme court, seeking a writ of mandamus to compel the board of commissioners either to pay the debt from the county treasury or to exercise its powers of taxation to provide the funds necessary therefor.

The defense set up by the county was that the

sewer district included only farm lands, that the improvement was not for a public purpose nor of any public benefit but to promote a private enterprise. The court held that after the sale of the bonds the county could not set up the misuse of the powers committed to the commissioners as a defense to the action. Justice Allen filed a vigorous dissenting opinion. It seems clear that the position of the majority of the court is supported by the great weight of authority. There is no question that sewerage is a public function and it is equally clear that except in cases of fraud the courts will not review the motives of a local legislative body in determining whether an ordinance is reasonable or oppressive.[1] But there is respectable authority that an ordinance or administrative act may be set aside where the purpose and effect is clearly to subserve private interests.[2] The majority opinion admits the validity of these principles and that the facts shown would have been sufficient to sustain an action to enjoin carrying out the improvement. But the court denies that these facts can constitute a valid defense to an action brought to recover upon bonds issued by the county to finance the improvement, securities which the county had power to issue, and which it has sold to purchasers in good faith with representations that they were in all respects valid and a general obligation.

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Police Power—Regulation of Gambling in Nevada.—The Supreme Court of Nevada has had before it recently the important question of the construction of the statutes which make gambling a legitimate business and gambling houses privileged institutions operating under the sanction of law. In *State ex rel. Grimes* v. *Board of Commissioners of City of Las Vegas*, 1 Pac. (2) 570, an original proceeding in mandamus to compel the defendant to grant the petitioner a license to open, conduct and carry on a gambling game known as craps, the court by a two to one decision holds that the board has been given a wide power in granting or withholding such licenses not to be controlled by orders of the courts, but to be exercised in its discretion to promote the best interests and the public welfare of the people of the city and of the state. Due to the dearth of precedents in the other states, the opinion of the majority of the court is based upon the analogy of decisions in liquor license cases prior to the Eighteenth Amendment. The court holds that the rights of the petitioner under the laws and constitution of the state and the federal constitution have not been infringed by the fact that the counsel in its wisdom has limited its licenses for carrying on the business of gambling (exclusive of licenses solely for slot machines) to some six well established and well known firms operating as clubs.

Mr. Justice Sanders filed a vigorous dissenting opinion in which he holds that the ordinance thus limiting the number of licenses, even though it expressly states that the board may increase the number where the public needs shall require, is arbitrary and unreasonable and establishes a monopoly that is inconsistent with American principles of free government. The facts recited in his opinion seem to sustain his views and we would be compelled to come to his conclusions if the same principles of law are to be applied to gambling as to businesses which the law upholds as legitimate in other states. The difficulty might be solved if the state legislature would extend municipal functions to include the operation of gambling houses and make the business a municipal monopoly!

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Officers and Agents—Power of County Commissioners in Oklahoma to Employ an Attorney.—Under the constitution of Oklahoma, Article 17, section 2, the office of county attorney is created and by statute the qualification and duties of such officer are prescribed. In *Board of County Commissioners* v. *Waldrep*, 1 Pac. (2d) 711, the supreme court of the state holds that where the public interests require the employment of an attorney in matters outside the prescribed duties of the office, the county commissioners may contract for such services and engage the county attorney to represent it. The county commissioners are held to be the general agents of the county with supervision and control of county affairs and with express power to institute suits to protect the interests of the county. In *Dillard* v. *Sapington, County Treasurer*, 1 Pac. (2d) 748 the same court holds that the county treasurer has no power to bind the county by a contract for the services of an attorney to bring an action to protect county funds committed to his care. The court holds that the obligation to

[1] Talcott v. Buffalo, 125 N. Y. 280, 26 N. E. 263 (1891); People v. Gardner, 143 Mich. 104, 106 N. W. 541 (1906); Detroit United Railway v. Detroit, 255 U. S. 171 (1920).

[2] People v. Corn Products Co., 285 Ill. 276, 121 N. E. 574 (1918); In re Twenty-first Street, 196 Mo. 498, 96 S. W. 201 (1906).

protect such funds is personal to the treasurer and not an obligation of the county nor against the funds of the county. Both of these decisions are based upon the principle that the duties and powers of the officer in question are fixed by statute and that all persons dealing with them are presumed to know the limitations imposed by law.

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Streets and Highways—Effect of Safety Zone Markers upon the City's Liability for Defective Streets.—In *City and County of Denver* v. *Foster*, 1 Pac. (2d) 922, the Supreme Court of Colorado reversed a judgment of the lower court which held that the municipality was liable in damages to a traveler who suffered severe injuries by tripping upon an oval iron marker placed in the street to indicate a safety zone for street car patrons. The court says that while the maintenance of streets in a safe condition for travel is a proprietary function the regulation of traffic is to be considered governmental. The persistence of this distinction to determine liability in tort, even where as in the instant case it is not applicable, shows how far many of our courts have gone toward substituting a formula for accepted legal principles of tort liability. The court cites as authority and quotes from the opinion in *District of Columbia* v. *Manning*, 57 App. D. C. 156, 18 Fed. (2d) 806, 53 A.L.R. 167, as to the necessity of installing such devices for the safety of the public, but fails to note that the basis of the decision in that case was that "it was not negligence as a matter of law" to place such markers in the streets, a principle that determines the question independently of any consideration whether the nature of the duty to maintain the streets is governmental or proprietary.

A résumé of the decisions bearing upon the question of the liability of municipality for installing safety markers and traffic signals in the streets may be found in volume XVIII of this REVIEW at page 331 (May, 1929).

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Torts—Liability for Negligence in Care of a School Auditorium.—The District Court of Appeal, Fourth District, of California holds in a recent decision, *Boyce* v. *Union High School District of San Diego County*, 1 Pac. (2d) 1037, that the statute of that state imposing liability upon counties, municipalities, and school districts for injuries to persons and property resulting from the dangerous or defective condition of the streets, buildings, grounds, etc., owned and controlled by them is to be construed as defining in all respects the limits of the liability of the municipality. An attempt was made in behalf of the plaintiff to take this case out of the statutory rule requiring actual notice of the existence of the defect causing the injury and to predicate liability upon the fact that the school auditorium where the accident occurred was used occasionally for revenue. The court points out that it is established in California that unless an enterprise is undertaken for profit the realization of incidental revenue will not be sufficient to change the rule of non-liability in tort of a municipal corporation when discharging a governmental function. In *Chafer* v. *Long Beach*, 174 Cal. 478, 163 Pac. 670 (1917) the Supreme Court of the state held that a city was liable for defects in an auditorium which was occasionally rented to private persons, but the court in the instant case holds that such liability is now limited by the terms of the statute of 1923 (Stats. 1923, p. 675), which expressly imposes liability where the governing body has notice of the defect. The court suggests that the rigor of the rule it now applies can be remedied only by an appeal to the legislature.

PUBLIC UTILITIES

EDITED BY JOHN BAUER

Director, American Public Utilities Bureau

PUBLIC OWNERSHIP CONFERENCE AT LOS ANGELES

Public ownership had a very successful field meet at Los Angeles on September 28 to October 1. There were assembled particularly impressive high jumpers, broad jumpers, vaulters and hurdlers who have cleared the heights and obstacles to new public ownership records.

A VARIED PROGRESSIVE ASSEMBLAGE

The conference brought together leading figures not only in the public ownership movement, but also others who have variously represented the public interest in the broad utility field. It included persons who have devoted themselves to the general economic and philosophical study of public ownership; public officials who have struggled with legal, political and administrative difficulties in carrying out public ownership projects; engineers and plant managers who have mastered the technological and management problems involved in successful public operation; and planners who are working on state-wide policies of dealing with utilities, including the privately owned as well as publicly owned and operated services.

The conference was distinctly a progressive assemblage. It represented the various public aspects of utilities, and included appearances from various parts of the country. Its significance lies in the personages that appeared, in the sections of the country represented, in the stock-taking of what has been accomplished, in the classification of perspective, and in the invigoration of purpose.

"RUGGED INDIVIDUALISM" IGNORED

The objective was singularly public. All individual initiative—and there was an abundance—was directed to collective benefits. There was no "rugged individualism" which sought private advantage without regard to public consequence.

The conference was characterized by deep-seated and vigorous faith in public ownership as the sole way to salvation in the field of public utilities. This stirring faith, moreover, rests solidly upon achievement, which is little short of amazing in the face of the obstacles that have been encountered in the extension of public ownership. It expects obstacles, but wills to carry on. It is not stopped, nor awed, by franchise restrictions, financial ramifications, legal and constitutional limitations, political activities, the prevalent belief in the basic and inevitable inefficiency of government, the dogma of unregenerate selfishness, the current avowals as to "human nature," and all the vested interests that are benefited by the vast propaganda constantly operating against collective endeavor for public welfare, without private profits and privileges.

"RADICAL" AT HOME AND "REACTIONARY" ABROAD

The public ownership group recognizes the fact that by and large throughout the country, the existing utilities are owned by private companies which are entrenched through franchises and whose replacement by public ownership will be difficult. It realizes also that these so-called private utilities have been actually stamped with a public interest under the law of the land, and that a system and machinery of regulation in the public interest have been established in most of the states. But the membership of the conference was practically a unit in regarding regulation a dismal and hopeless failure. It would completely abandon regulation, or ignore it, and centre its efforts exclusively in the promotion and establishment of public ownership. It would waste no effort at trying to improve regulation in any way, but would push with singular force to the clearing away of all legal restraints and to the vigorous replacement of private with public ownership.

We had the pleasure of attending the conference and presenting what appears to us a broad program of public advancement in the field of utilities. Our topic was "Taking Stock

of Regulation," and we were introduced as one of those curious progressives who still believe in regulation. While at home we are regarded as radical, at Los Angeles we appeared a bit reactionary and felt personally on the defensive in trying to reshape regulation and to make it with public ownership a coördinated part of a public program. And we were told that it cannot be done; that we are wasting effort; that we should come over exclusively to public ownership; to quit pussy-footing.

We recognize frankly the actual accomplishments of public ownership, also its underlying economic advantages and possibilities, provided that it can be established without strangling legal and financial handicaps and burdens. As set out variously in this department, we favor, in the first place, the clearing away of all legal hindrances to the establishment of public ownership either by municipalities, state, or the federal government, according to the particular circumstances. We realize also that the accomplishments of municipal plants constitute a basic challenge to the private systems of the country. And, of course, we know that regulation has been far from the success that had been expected by its proponents 25 years ago; we were probably among the first and most vigorous to set out the basic defects and gaps that have developed in our system of regulation. Perhaps, we are naïve in believing that the system can be reconstructed so that it would be an effective instrument of public policy. And, perhaps, our public ownership friends are naïve, too. We all need faith and intelligence. Public progress will probably proceed along both lines. Both depend upon clearer public thinking than now generally prevails. Neither is likely to advance fast; but the circles of faith are expanding and will carry on.

REGULATION OR PUBLIC OWNERSHIP?

We presented the matter of broad policy particularly as it appears in the state of New York, following the legislative investigation of two years ago and the program adopted by Governor Roosevelt. The first step in a sensible state policy is to recognize that every municipality should have the full and untrammeled right to institute public ownership, but the fact nevertheless remains that in New York, and in practically every other state, the utilities, especially gas and electricity, are owned by private companies subject to regulation. As we visualize the future realistically, we can hardly conceive that the deeply entrenched private interests can be practically replaced without prohibitive cost short of a generation of intensive effort under clear-seeing, unselfish and practical leadership. If this view is correct, the question cannot be avoided as to what shall be done with the private utilities pending ultimate future replacement by public ownership. Is regulation so utterly hopeless that it should be abandoned, notwithstanding the long transition period? Yes—is the frank answer of the out-and-outers on public ownership. We cannot be certain but that they are right. The utilities themselves have opposed in every way possible—and not too scrupulously—every effort to set out more clearly the public interests and to provide definite and administrable standards of regulation. It may well be that the better course will be to turn our back to regulation, and to push forward exclusively to public ownership. And this feeling is accentuated by the defeatist attitude found among the most public-spirited commissioners, who express themselves powerless to regulate affirmatively and are relying upon "negotiation" to obtain rate adjustments that should be made as a matter of definite administration—and get little "doles" as concessions instead of fixing rates upon definite standards and public rights.

BROAD POLICY INCLUDES BOTH

Yet, as we visualize the working of future forces, we can hardly see the universal achievement of public ownership in a generation. At the same time, we do see clearly how regulation can be made effective through revision of statutes, the establishment of definite standards, and through filling the gaps that have developed from the rapid growth of holding company systems and interstate movement of utility services.

It will be a difficult job to bring about reconstruction of regulation, so that it will be effective, systematically administered and financially sound. But, it will also be a difficult job to replace private utilities with general public ownership. Both jobs will be extremely difficult of realization, and both, we believe, should be carried on and will be advanced simultaneously. Nor will either prove so extremely successful but that it will be subjected continuously to criticism. Public progress in dealing with utilities is bound to come, we feel, on both lines; and a broad-gauged policy, as we view the matter, should include public ownership and a regulatory

program. Public ownership, moreover, should not be limited to ordinary municipal systems, especially as to electricity. In most states what is necessary to start with, is a state-wide system of generation and transmission; this goes beyond the bounds of traditional public ownership, and involves the state itself or a special state authority. In some notable instances, like Muscle Shoals and Boulder Dam, the ownership should be federal, carried out through a specially designed legal instrumentality.

The conception of a comprehensive state policy as thus briefly outlined, was presented to the conference, and received critical attention. Our view was challenged on all sides, and we must confess that so far as real progress through regulation is concerned, we could not make out a conclusive case. But, it is also true that, with some notable exceptions, the public ownership program has languished, and we offered the proposition that both public ownership and regulation had failed to advance materially because of basic lack of public interest in public matters. It seems, however, that perhaps we have entered an era when greater thought and attention will be devoted to public matters, and we shall see visible progress in both public ownership and regulation. They are the two modes of providing for the public interest; both will probably advance under the same impulses, as both have languished because of lack of interest in public matters.

VARIOUS STATE AND MUNICIPAL UTILITY PROGRAMS

The program outlined by us was presented generally as based upon the experience of the East, especially in New York. It represented particularly policies adopted by Governor Roosevelt on the basis of the minority report of the legislative investigating commission two years ago. The same program, however, has been adopted for the most part by progressive leaders who have looked upon regulation and found it wanting in effectiveness—in Pennsylvania, Massachusetts, South Carolina, Georgia, and particularly in Wisconsin, which was directly represented at the conference. Senator O. S. Loomis, who represented generally the views of Governor Philip LaFollette, spoke on "Wisconsin's Public Power Program." In scope and perspective this is not materially different from the New York program, except that to a large extent the LaFollette ideas have been carried into legislation, while mostly the Roosevelt policies have so far been thwarted by the political majority in the New York legislature. The legislative framework of the progressive policy has been drafted in Wisconsin, which makes feasible the establishment of public ownership, the creation of a state-wide generating and transmission system, together with a rigorous tightening of regulation, which has included the calling of an outstanding commissioner from outside of the state.[1]

The far west was represented mostly by active public ownership representatives. Many of the successful undertakings were described. The political and company opposition to the establishment of public ownership was roundly scored, particularly by Louis Bartlett, former mayor of Berkeley, California, who charged political sabotage in the handling of San Francisco's Hetch Hetchy water development. Among the distinct personages who have been outstanding in concrete achievement in public ownership, we must mention particularly J. D. Ross, superintendent of the department of light and power of Seattle; E. F. Scattergood, chief electrical engineer of the Los Angeles department of water and power; and B. F. Delanty, superintendent of the Pasadena municipal electrical plant. Their accomplishments will be presented in this Department in more detail in later numbers of the REVIEW. These men stand as striking refutation of the charge that foremost technical and managerial ability cannot be obtained by municipalities.

CONFERENCE INFORMATIVE AND ENJOYABLE

The special events that added interest and concreteness to the conference included a visit to Boulder Dam to see the properties which will serve the coming generations in the southwest, a visit to the Glendale and Pasadena municipal plants, and an all-day automobile trip to the municipal hydro-electric plants on the Los Angeles aqueduct. For our own personal part, we had the pleasure also of a hurried survey of the municipal systems in San Francisco, Portland, and particularly Seattle, which included a trip to the famous and beautiful Skagit River hydro-electric development.

[1] A copy of Senator Loomis's address may be obtained by writing to Governor Philip LaFollette, Madison, Wisconsin.

NOTES AND COMMENT ON MUNICIPAL ACTIVITIES ABROAD

EDITED BY ROWLAND A. EGGER
Director, Virginia Bureau of Public Administration

German Electoral Reform.—In recent years the problem of electoral reform has been widely discussed in Germany, and there is a large literature on the subject. Criticism of the present German system is almost universal and many proposals have been presented for more or less fundamental changes.

The German constitution requires the use of proportional representation for the nation, for the states, and for the cities, and it also sets the voting age at 20 years. Although several plans for reforming the present electoral system contain such provisions as majority voting, compulsory voting, and a voting age of 25, the constitution stands in the way and constitutes a difficult barrier to such changes. Consequently most of the suggestions for improvement are built on the existing system.

As early as the second cabinet of Chancellor Marx in August, 1924, the government prepared a new electoral plan, and since that time every cabinet has been concerned with the problem of electoral reform. Recently in August, 1930, the Brüning cabinet laid before the *Reichsrat* a definitive proposal looking toward sweeping changes in the method of electing members to the *Reichstag*.

Taking cognizance of the obvious defects in the existing law, the latest government proposal would eliminate the present long lists and the present large electoral districts, and would abolish the national list altogether. The plan proposes the setting up of 162 electoral districts, each with approximately 385,000 inhabitants. Ballots printed by the parties or by the candidates and not by the state as at present, may contain three names. Each electoral district is united with several other electoral districts to form a *Verband* or Union of which there are 31 in the Reich. The allotment of seats is determined first by counting in each Union the number of valid ballots which have been given to every candidate or to every party group of candidates. A candidate who belongs to no group is elected if he receives 70,000 votes. Every party group receives one seat for every 70,000 votes given to its candidates in a Union. The seats to which a party is entitled within a Union are allotted according to the d'Hondt method, every district ticket being given as many seats as it receives highest numbers in the d'Hondt division by 1, 2, and 3. In practice the candidates in the first places on the party tickets will be elected, the second place candidates only coming into the reckoning when there is a particularly strong vote for a district list. After this count and distribution in the *Verbände*, the surplus votes are carried over to 12 *Ländergruppen*, and additional seats are allotted through dividing by the fixed quota of 70,000. Then if a party has sufficient surplus votes to be awarded another seat, the seat goes to the district which has the highest surplus. The existing *Reichslist* is thus eliminated.

This reform would go a long way toward developing a closer, more personal relationship between the *Reichstag* member and his constituents, and it would tend toward a greater party concentration. So-called *Splitterparteien* would be disadvantaged, and government majorities in the Reichstag would probably work with less friction. The struggle for office would henceforth be for a favorable district, and not as at present for a high place on a long list. Thus the electorate would be able to exercise a considerably greater control over its representatives than is now possible.

Although other proposals of electoral reform lead in other directions, none of them has much chance of consideration by parliament. Many persons would like to see a restoration of majority election in single member districts. But the existing constitutional requirements, not to mention the existing party situation make such a system quite out of the question. From the welter of conflicting plans, the government has

evolved a remedy for existing defects which if put into effect will remove one strong argument against parliamentary government in Germany.

JAMES K. POLLOCK.
University of Michigan.

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[EDITOR'S NOTE.—Growing dissatisfaction with extant methods of electoral procedure and particularly with those characteristics of the bound list system and the technique of party nominations which tend to establish a relation exclusively between the citizen and his party rather than between the citizen and the local candidate has resulted in specific proposals designed to bring the party representative into closer contact with the constituency.

This department has been fortunate in securing from Dr. James Kerr Pollock, America's outstanding authority on the election systems of Europe, a brief note synthesizing the leading progressive viewpoints on the subject of electoral reform.

While the enclosed note deals exclusively with proposals for the reform of the *Reichstag* elections, such reform could not be without its repercussions in local government circles. As Dr. Roger H. Wells has pointed out:

> It should be noted that local politics, both in and out of the city council, are largely shaped along national party lines. . . . This results from a number of factors: (a) Germany is a highly urbanized country and many national problems are city problems; (b) the difficulties of the post-war years have made it necessary for national legislation—especially in regard to finance—more and more to encroach upon *Kommunalselbstverwaltung*, thus further preventing a sharp separation of national and local issues; (c) the national parties themselves, *e.g.*, the Social Democratic and Center (Catholic) Parties cannot fulfill their purposes unless they actively enter the municipal sphere; and (d) the electorate which chooses the city council is the same—except for the residence requirement in local elections—as that which elects the *Reichstag* and the state legislatures, an additional obstacle to organizing separate parties for national and local politics.—*Partisanship in German Municipal Government*, NATIONAL MUNICIPAL REVIEW, Vol. XVII, p. 474 (Aug. 1928).]

Expenditures for social welfare in Germany.—A recent issue of the *Bulletin quotidien de la Société d'études et d'informations économiques* (May, 1931), read in conjunction with current statistics available in the official publication, *Wirtschaft und Statistik*, provides a fascinating chronicle of governmental evolution.

The total appropriations necessary for the execution of *Reich*, state, and municipal budgets in Germany after the elimination of duplicate items (*Finanzbedarf*) has increased from 7,252,6 millions of marks in 1913–14 to 20,801.3 millions in 1928–29. Of considerably more significance than the simple fact of general increase, however, is an analysis of the increase in the totals for social expenditure and for particular main items in the social expenditure budget. The accompanying table reveals the importance of the social welfare item, both as an absolute increase in expenditure and as a growing percentage of the total budget.[1]

SOCIAL EXPENDITURES OF THE *REICH*, STATES, AND COMMUNES

(In millions of marks)

	1913–14	*1928–29*	*Per cent inc.*
Total public expenditures	7,252.6	20,801.3	286.8
1. *Gesundheit*	666.1	2,883.0	432.8
2. Placement and unemployment relief	2.7	703.0	2,603.7
3. Housing	33.9	1,542.4	460.6
4. Other works of public assistance	418.3	738.5	176.5
5. Assistance to war victims	62.5	1,818.0	293.2
Total social expenditures	1,183.5	7,684.9	649.5

The table may be explained in brief by pointing out that the national government contributes all of the amounts payable to war victims. In the year 1928–29 this constituted barely a quarter of the total social expenditure. During the same period it contributed 1,065.4 millions of marks to what continental budgets call "social hygiene" or *Gesundheit;* 571.4 millions for the insurance and assistance of the unemployed; and 416.6 in subsidies to other projects of social assurance. Expenses for housing during the same time were only 38.1 millions, while public instruction, education and the churches were granted less than 40.1 millions of marks.

The states played an important rôle in meeting the expenses of public instruction and of education. In 1928–29 their contributions for these purposes aggregated 1,601.1 millions of marks. During the same period they likewise spent for *Gesundheit* no less than 334 millions of marks as well as 92.6 millions for unemployment. For housing purposes the states spent approximately 308.6 millions of marks, most of which took the form of advances and guarantees which may or may not represent actual outlays. The Hanseatic states during the year of 1928–29 appropriated 110 millions of marks for instruction and education, 131 millions to *Gesundheit*, and 71.3 millions for housing.

From these figures it is obvious that the communes support in the greater part the major expenditures for public welfare, taking the form of schools, public assistance in all its forms, the maintenance of hospitals, and aid in housing

[1] It should be noted that there statistics include only governmental expenditures. The *Bulletin* calls attention to the fact that the private relief agencies have in the last three years been more active than ever before in the history of the nation.

construction. In 1928–29 the communes budgeted 1,446.4 millions of marks for public instruction, 2,055.5 millions for social hygiene, 1,144 millions for public assistance, 494.3 millions for indoor relief, and 35.2 millions for unemployment. They also furnished for the construction of housing projects 1,124.4 millions of marks, the larger part of which constituted advances and guarantees, but the actual housing construction undertaken by municipalities aggregated in cost over 243.9 millions of marks.

It is interesting to note that while the absolute expenditures for social welfare have been multiplied by seven since 1913–14, an adjusted price index indicates only a 50 per cent decline in the worth of the mark. Furthermore social expenditures represented only 19.4 marks for each inhabitant in 1913–14, while in 1925–26 they represented 64 marks per inhabitant, and 94 marks per inhabitant in 1928–29. It is, of course, perfectly reasonable to expect that pensions and other assistance given to victims of war would be enormously increased by the fact of a disastrous war, and this increase argues nothing as to the altering point of view on the subject of social expenditures.

Consideration of the recent discussions[1] of the state of compulsory unemployment insurance benefits, the major costs of which have in the past been financed by joint contributions of workers and employers, supplanted only in relatively small degree by grants from the states and from the municipalities, indicates that the reserve funds which have been built up for these payments are becoming rapidly inadequate, and that since the benefits payable under the funds are impossible of reduction, the only apparent alternative is an increase in public subsidization. Considered from this point of view the problem of social expenditures in Germany comes to bear a very real relation to the present economic crisis, and in fact to Germany's world financial position.

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British Institute of Public Administration.—The summer conference of the British Institute of Public Administration took place at University College, Oxford, during last July. The discussions centered in general around four primary topics: (1) the recruitment and training of public servants, (2) the applicability of efficiency ratings and character assessment in the public service, (3) financial control in administration, and (4) research into the theory and practice of public administration.

According to information received by the editor of this department, the discussions of recruitment and training of personnel and of public administration research were productive of extensive comment.

Sir Stanley Leathes presented the leading paper on recruitment and training of public servants. An interesting sidelight is thrown on the British situation by some remarks of W. A. Robson, well known writer on local government and law, and lecturer at the London School of Economics. He suggested that a crisis was imminent in the local government service, due largely to the attitude of various technical and professional bodies which sought to prohibit the appointment of others than members of such organizations to cognate technical posts. He regarded this as a national reaction to the lack of care with which local government officers are recruited. He pointed out further that in the civil service the technical officer usually remained a technician, whereas in the municipal service technical qualifications were required for appointment to the higher posts. "In the municipal services," he remarked,

> Technical qualifications are required for all the important positions. Your town clerk must be a lawyer, your medical officer of health must be a doctor, and so on. The Association of Masters and Matrons of Workhouses is asking that only its members should be appointed as masters and matrons. There are hundreds of these associations all trying to get a sort of vested interest, only comparable to the mediaeval guild system. There is a definite tendency in the municipal service towards a series of vested professional rights of that sort. That has arisen largely because the local authorities themselves have not at any time made an effort to secure properly qualified or well-educated recruits. A great many of the so-called technical qualifications which people inside deem necessary are in effect extremely remote from anything to do with municipal government at all. The qualifications are imposed by the professions themselves with reference to the needs of the profession generally. The training in these professions is of very little use to the municipal service, and therefore to the public generally. What the public needs is the best man for the job.

All this of course relates directly to the technique of selection of municipal officials. If one may gather any conclusion from the com-

[1] For a particularly enlightening discussion of Germany's compulsory insurance system, see Harold Callender, "Unemployment Relief: Germany's Threefold System," in *The New York Times* for October 11, 1931, sec. 9, p. 3.

ments recorded in the Institute *Monthly Notes* for September, 1931, the conference was in no considerable agreement as to the best method of selecting local government officers. There was frankly much skepticism as to the results obtained by the civil service. Dr. Reiss, a member of the Berlin *Magistrat*, made the same observation that in hard times men are more important than methods; while Dr. Grochtmann said that the Germans were now too closely following American methods in personnel technology, and that development had been too rapid and too expensive. Concerning an intimately related point, namely, the evaluation of selectivity in recruitment or development through training in the service, Sir John Anderson was of the opinion that the material should be drawn from the products of the ordinary educational system and should have a certain amount of training in the service. He considers present training facilities within the service as somewhat inadequate but obviously considers no radical alteration in methods of selection necessary or desirable.

The discussions of research in public administration were conducted upon the basis of papers by Arthur Collins, who is well known in this country, and T. Howard Roberts. Professor Gulick, of the faculty of Columbia University, gave a very detailed talk on public administration research in the United States which was one of the most popular and best received addresses of the conference. He pointed out the three distinct types of public administration research: (1) the collection and classification of known facts, (2) applied research such as the survey or administrative audit, and the examination of a special local problem for the purpose of laying out a program to deal with it, and (3) scientific research, which is research aiming at the development of new methods and the discovery of underlying principles which will produce new ideas and expand the entire scope of administrative theory and practice. Mr. Montagu Harris of the Ministry of Health was skeptical about the results of public administration research in the United States, and instanced the difference between American and European journals, calling attention to the fact that American journals evidently had little knowledge of the existence of a body of administrative theory. Mr. Dakyns of the University of Manchester thought that much could be accomplished by the educational and propaganda influence of such publications as the Institute journal, *Public Administration*.

GOVERNMENTAL RESEARCH ASSOCIATION NOTES

EDITED BY RUSSELL FORBES

Secretary

Recent Reports of Research Agencies.—The following reports have been received at the central library of the Association since August 1, 1931:

California Taxpayers' Association:
- *Survey of the Pasadena City Schools.*
- *Pavement and Street Improvement Costs.*

Detroit Bureau of Governmental Research:
- *Committee on City Finances.*
- *Examination Questions in Municipal Administration.*
- *The Detroit House of Correction: Organization of a Welfare Department.*
- *Fifteenth Annual Report of the Detroit Bureau of Governmental Research—May 1, 1930 to April 30, 1931.*

Massachusetts Institute of Technology:
- *The Question of Municipal Organization.*
- *Principles of Sewage Disposal.*

The Ohio Institute:
- *Election Costs in Ohio and How They Can Be Reduced.*

League of Virginia Municipalities:
- *The Collection and Disposal of Municipal Refuse in Virginia Municipalities.*
- *Motor and Horse Drawn Vehicle License Taxes in Virginia Municipalities.*
- *License Taxes on Resident Merchants in Virginia Municipalities.*
- *License Taxes on Auctioneers in Virginia Municipalities.*
- *The Maintenance of Cemeteries in the Towns of Virginia.*
- *Police Administration in Virginia Cities.*
- *License Taxes on Professions in Virginia Municipalities.*

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Change of Name.—The name of the Kansas City Public Service Institute has been changed to Civic Research Institute and the headquarters have been moved to 114 West Tenth Street Building, Kansas City, Missouri.

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Change of Position.—W. M. Cotton, for several years director of the Dayton Research Association, has resigned to accept the city managership of St. Petersburg, Florida.

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California Taxpayers' Association.—The Association has just completed and published a study on *Paving and Street Improvement Costs.* The Association, in this study, analyzes the unit costs of various types of patented and unpatented pavements. Its conclusions are based on an analysis of the actual unit costs in over 100 paving jobs completed in California in the last three years. The conclusions of the study are as follows:

> Any impartial study of the price of street improvements leads to the conclusion that California property owners are paying enormous and unnecessary sums for patented pavements. With equal standards of construction, the unpatented pavements are exactly as good and cost a great deal less than the patented types.
>
> Investigation shows that patented pavements cost about five cents more per square foot than equal unpatented types, and it is also found that the other items of improvement such as grading, curb, and sidewalk average considerably higher when combined with patented pavement.

The study of schools of Fresno County has been completed and published.

Studies of the budgets of the following governmental units have been recently released and published: cities of Sierra Madre and Glendale, counties of Santa Barbara, San Joaquin and Los Angeles, and the San Diego city schools.

The Association has just entered into a contractual agreement with the San Diego city board of education to design and supervise the installation of a modern accounting and budgetary system.

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Civic Affairs Department, Indianapolis Chamber of Commerce.—The Department recently proposed that the commissioners of Marion County consolidate all of the city of Indianapolis into one township, which they have legal authority to do, as a means of combining poor relief

administration for the city under one head, spreading the cost of poor relief equitably over the entire city, and bringing about uniform assessment of property within the city. The city now lies within five of the nine townships of the county. The proposal is being considered by the county commissioners.

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Citizens' Bureau of Milwaukee.—The need of two proposed police precinct stations have been studied by the staff with the recommendation that one of the two was needed at present. An attempt to coördinate the organizations dealing with the function of traffic and safety supervision is being made. Particular emphasis is being placed on the record system for traffic violations, the effectiveness of policemen versus traffic signals to direct traffic, the feasibility of a special traffic investigation squad, and the further motorization of the police force.

An investigation of the purchase of additional land for the civic center is in progress. The study of trends of government in the city and county during the ten-year period of 1921–30 inclusive is nearing completion.

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New Bedford Taxpayers' Association.—Cities in Massachusetts are announcing their tax rates for the current year and most of them are finding substantial increases made necessary by reduced valuations, additional expenditures for welfare and decreased receipts from income and corporation taxes.

In a series of two bulletins, the Taxpayers' Association of New Bedford have pointed out some of the defects in the present method used in Massachusetts for financing municipal operations and suggesting certain remedies therefore. At the present time the law requires that the budget be passed within the first few months of the calendar year. The valuation of property is made as of April 1 and the figures are not available until August at which time the tax rate for the year is made. The budget when passed is an estimate of expenditures only, as the information as to receipts is not known at the time. It is recommended that this system be changed so that the time for fixing values is placed so that the valuation should be known when the budget is passed and the tax rate for the year fixed at that time. Such a change would involve a considerable amount of legislation and would probably take a number of years to put into effect, but the New Bedford Taxpayers' Association feels that certain changes should be made as soon as possible so as to put the municipal financing in Massachusetts on a better basis.

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National Institute of Public Administration.—At the request of Police Commissioner Allman, appointed early in October by Mayor Cermak to replace Acting Commissioner Alcock, a holdover from the previous Thompson administration, the mayor's Advisory Committee in Chicago has asked Bruce Smith to direct the installation of the recommendations which he made last year for the improvement of the Chicago police department. Those recommendations were the result of a survey conducted by Mr. Smith and a staff for the Citizens' Police Committee, a representative group of business men and professors, organized to make suggestions for the betterment of the department in answer to a letter from former Commissioner Russell. The original survey staff has been reassembled, and it is expected that the first major recommendation to be carried into effect will be one calling for the complete administrative reorganization of the department, reducing the number of bureau heads reporting to the commissioner from forty to eight.

Philip H. Cornick was appointed a member of the taxation committee of the President's Conference on Home Building and Home Ownership and is preparing a report for the committee.

Dr. Carl E. McCombs is assisting the Rochester Bureau in the preparation of a comprehensive report on the hospital problems of that city.

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Virginia Bureau of Public Administration.—The Virginia Bureau of Public Administration, which is a joint project of the League of Virginia Municipalities and the University of Virginia and which is endowed by the Spelman Fund is engaged in the investigation and planning of a retirement system for local government employees in the state of Virginia. Governor Pollard appointed at the last session of the legislature a commission to report to the 1932 session on the matter of pensions for state employees and judges. The public school teachers of Virginia have had a pension system for some years. The report of the Bureau of Public Administration will thus be the last link in the proposals for retirement systems which if adopted will provide for virtually every public employee in the Commonwealth.

NOTES AND EVENTS

EDITED BY H. W. DODDS

Cleveland Municipal Electric Light Plant Problem.—The city of Cleveland has been in the electric light and power business since 1906. From time to time bonds were issued in the sum total of $9,584,172. These bond issues have been retired out of earnings, until the present bonded indebtedness of the plant is only $6,454,000. The Municipal Light Plant enjoys about sixteen per cent of the total light and power business of the city of Cleveland, while The Cleveland Electric Illuminating Company, the privately owned utility, has the remaining eighty-four per cent. In addition to bond money there has been invested in the plant $5,830,779 from income and surplus, making the total investment $15,416,951, against the outstanding bonded indebtedness.

When the new Municipal Plant was opened for operation in 1914, the private utility's maximum rate for domestic consumers was 10 cents per k. w. hour, while the rate charged by the Municipal Plant was 3 cents. Since that time the private utility has been forced to reduce its rate to 5 cents per k.w., while the Municipal Plant continues to charge 3 cents.

The total present capacity of the Municipal Plant is 50,000 k. w. The maximum peak load is 38,300 k. w. This has been somewhat reduced due to loss of business because of the country-wide depression. It is obvious that if one of the 15,000 k. w. generators were out of order there would be an interruption in the service. Therefore, a continued operation of the plant with the present load endangers both the plant and the efficient service to which its customers are entitled.

Faced with this condition of affairs, the city council sought a remedy. Two seemingly irreconcilable views prevailed: First, the view of the private utility advocate, who urges that nothing be done with the plant and that the city get out of the utility business. He denies that the municipally owned plant acts as a rate regulator and says further that all of the taxpayers are being called upon to finance a municipal venture for the benefits enjoyed by a small number who happen to be customers of the plant. (See article by former Public Utilities Director Howell Wright in the NATIONAL MUNICIPAL REVIEW, Volume 20, No. 7, July, 1931.) Then there is the view of the extreme public ownership advocate. He urges an expansion of the present plant to such capacity that it would immediately become an active and effective competitor of the privately owned utility. He recommends that the city of Cleveland embark in a cut-throat competition with the privately owned utility, so that eventually the private utility would be put out of business.

After conducting a long series of public hearings and investigations and listening to organizations and citizens expressing all points of view, the public utilities committee recommended to the council what it believed to be a sane and businesslike solution of the problem. The council accepted this recommendation and passed the Bohn Ordinance putting a $2,500,000 bond issue before the people on November 3 for the purpose of financing improvements, betterments and expansions of the plant. By this act the city council recognized the fact that the operation of a municipal plant has had something to do with rate regulation. It recognized that it is no mere coincidence that the privately owned utility operating in Cleveland sells electric current well below the average charged by other power companies in the United States and that the rate is in fact the lowest of any large city dependent upon coal producing energy, and that the city of Cleveland is the only large city of its class that has a municipally owned plant. Council further realized that regardless of how opponents of the continued operation of the plant may juggle figures for the purpose of making their point, the operation of the plant has earned money for the city in addition to acting as a rate regulating factor. The finance director's report shows that the net earnings of the Municipal Light Plant, after deducting operation, maintenance, bond interest, depreciation and taxes foregone, from the total gross revenue, for the past nine years are as follows:

In 1922 a profit of	$60,800
In 1923 a profit of	252,100
In 1924 a profit of	414,500

In 1925 a profit of	$346,300
In 1926 a profit of	378,400
In 1927 a profit of	264,200
In 1928 a profit of	434,800
In 1929 a profit of	494,400
In 1930 a profit of	321,400

The passage by the people of the $2,500,000 bond issue will provide for a sufficient addition to the plant to enable it to render efficient service with a fair margin of safety and maintain a competitive position in the electric light and power business of Cleveland. Other plans of financing this program have been advocated, but lack of space prohibits a discussion of these plans.

At the present writing a suit is pending in the courts, brought by opponents of expansion, seeking to enjoin the placing of the proposition on the ballot. The city is vigorously opposing this suit, as it did a like suit brought in 1911 which sought to prevent the building of the plant out of the $2,000,000 bond issue voted by the people that year. The proposed bond issue is to be paid in fifteen annual installments. If financed at four per cent the average annual installments will aggregate $220,000, which installments will include interest and payments on the principal. The annual interest charge, included in the said $220,000, would be $53,333.34 per annum.

The above tabulation shows that the net earnings of the plant can carry this additional burden even though no new business is acquired by the plant, although the new municipal sewage disposal plant and water works being now built will insure additional business.

If the people of Cleveland approve the recommendation of council, the passage of the bond issue will finance the improvement and moderate expansion of the plant for the purpose of protecting their investment, the customers of the plant and their light and power rate regulating institution, without embarking upon a program of annihilation against the privately owned utility. It is sane solution of an important municipal problem. Ernest J. Bohn.

Cleveland City Council.

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City Managers Hold Successful Convention at Louisville.—The problem of unemployment relief occupied the chief attention of nearly two hundred city managers, various city officials, and other persons interested in government at the eighteenth annual conference of the International City Managers' Association held in Louisville, Kentucky, October 7–10. The consensus of opinion of those present at the conference was expressed by Daniel E. Morgan, city manager of Cleveland, when he stated that cities should be given official representation on national and state employment advisory councils. "What cities need just now from Washington," said C. A. Dykstra, city manager of Cincinnati, "is correlated information on employment and a national program of employment agencies and employment distribution. Industry is interdependent on a national scale and therefore no city acting by itself can hope to deal with the problems industry creates." The scrip-labor plan of providing work in Grand Rapids was discussed by City Manager George W. Welsh and the system of relieving the unemployment situation in Petersburg, Virginia, was outlined by City Manager Paul Morton. Louis Brownlow, in an address on "Trends in Relief and Public Welfare," pointed out that there is a definite trend toward the municipality's taking over from private organizations more and more relief activities, and Frank Bane, executive director of the American Association of Public Welfare Officials, outlined the work which his organization is undertaking with the view of assisting local governments in meeting the unemployment situation.

Reducing Expenditures to Meet Diminishing Income, Management Technique, City Manager Policies, and Training for City Managership were other sessions at which city managers and leading municipal authorities spoke.

With regard to Association activities, President Stephen B. Story, city manager of Rochester, New York, reported that the Association is rapidly acquiring a status that demands recognition in many directions. He made specific reference to the research work that has been undertaken by the Association and to the improvement of *Public Management*, the official journal. The executive secretary reported a 10 per cent increase in membership, and that the *City Manager Yearbook* for the first time had been published as a bound volume separate from *Public Management*. It was brought out that there was greatly increased interest in council-manager government during the past year as evidenced by the fact that during this period twenty-five cities adopted the plan of which thirteen had populations in excess of 25,000. This is the largest number of cities to adopt the plan during the same period of time since 1925. At present one out of every five cities in the United States with a population of 25,000 or

more now operate under the council-manager plan.

The new officers elected were: *president*, Charles A. Carran, city manager of East Cleveland, Ohio; and *vice-presidents*, George D. Fairtrace, city manager, Fort Worth, Texas; P. P. Pilcher, city manager, Winchester, Virginia; and C. A. Harrell, city manager, Portsmouth, Ohio.

CLARENCE E. RIDLEY.

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Detroit Substitutes Wages for Doles.—

To the Editor of the NATIONAL MUNICIPAL REVIEW:

Sir:

Your series of articles in the NATIONAL MUNICIPAL REVIEW, reporting how different cities have dealt with the problem of poor relief, evidently are a help to the national situation. At least, they should be helpful.

From a Detroit standpoint, it is a pleasure to commend William B. Books' article in the September issue of the REVIEW. The question of how Indianapolis combines poor relief with public work is of special interest to Detroit. You will be glad to know that the changes in our methods of poor relief which were forecast in my article in the REVIEW of last July, have been made rapidly and permanently.

While it was true last spring that Detroit had done little to practice the work-wage plan by finding jobs for those who were helped by the city, John F. Ballenger's administration of the department of public welfare during the past few months has quite reversed our policies. Our original difficulty was the size of the problem—as many as 47,000 families last winter were being directly aided by the city. At that time Mayor Murphy and his associates had not been convinced of the necessity of the work-wage plan or of sifting, discriminating, eliminating and in other ways requiring efficiency of welfare administration.

Under the direction of Mr. Ballenger the number of families aided has been cut to 18,000 or less. Large numbers of individuals evidently have left Detroit who formerly were receiving municipal help. Particularly, the city government has accepted whole-heartedly the plan of furnishing work to men who receive help and thereby gradually eliminating the "dole" feature of the situation.

Sufficient progress in this change of method has been made already to guarantee that it will be the accepted method during the coming year, therefore, the experience of Indianapolis, which evidently saw the light early, appears to us to justify the work-wage plan as the accepted plan for any city which wishes to save itself from all possible strain in dealing with this problem.

W. P. LOVETT.

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The Grand Rapids Scrip-Labor Plan for Unemployment Relief.—Jobs instead of doles are the order in Grand Rapids. For every dollar the city spends in public relief the city gets 80 cents in labor on public improvements, according to A. T. McFadyen, acting secretary of the Grand Rapids Association of Commerce.

Some 2,000 men, most of them heads of families, are now busy building many of the things that Grand Rapids has wanted for a long time. Now only about three per cent of the cases receive direct relief. But this direct relief goes only to families without an able-bodied breadwinner or to families too large for the part-time efforts of the father to support.

The men are creating a new park, widening and extending streets, building new sidewalks, rounding off street corners for the convenience and safety of motorists, laying water mains and sewer lines, wielding axes for the city wood pile, filling in city lots, painting city buildings, and a hundred and one other things which various city officials have programmed on their books. Already these men have razed the buildings on the site for the new municipal auditorium on which many unemployed will soon be at work. A fine swimming pool in a city park has also been constructed.

Men given jobs by the city receive their compensation almost entirely in scrip, paper money, good for trade only at the city's store. Workmen are paid at the rate of 40 cents an hour, but at the city store the prices of food stuff and clothing and other necessities are so low that their wages go a long way. The scrip plan was adopted largely for the reason that it simplified the transference of food and clothing to workmen and lessened the danger of misspending and fraud. At first, the Grand Rapids merchants felt that the establishment of a city store was discriminatory; but the efficiency of this method has been proved and now local merchants have changed their opinion.

Finances for relief work are obtained through bond issues, based on a special assessment of one-fourth of one per cent of the assessed valuation of property. This requires only a small immediate

outlay from the taxpayer and eliminates the guess work that goes with voluntary contributions.

But the most striking thing of all, declares Mr. McFadyen, is that as one saunters down the streets of Grand Rapids, dozens of dozens of signs will be seen reading, "Danger—Men at Work."

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Colorado River Aqueduct Assured.[1]—Southern California has given its answer to the threat of the desert's closing in on its irrigated empire. On September 29 the $220,000,000 bond issue, which the Metropolitan Water District proposed for the purpose of bringing an aqueduct 266 miles across desert and mountains, was approved by a 5–1 vote of the electorate in the thirteen member cities.

As the campaign neared the close, the activities of those who worked against the gigantic project became more open and strenuous. Newspaper advertisements were inserted attacking the alleged need of additional water at this time. Proponents of the plan answered this charge by showing that water levels have been reduced to a perilous point, 150 to 350 feet; that this last year it was necessary to pump 90 per cent of Los Angeles' water supply; and that the district has been consuming daily 200,000,000 gallons more than natural processes restore. Certain persons who were intent upon defeating the bonds in order that their processes of waste water and sewage purification might have a chance of adoption, discovered scant popular interest in such "advanced" scientific methods. The contention that Colorado River water would be unpalatable because of its salt content was countered with engineering assurance that no such precipitation will be discoverable by the time the water supply reaches its destination.

The feasibility of the adopted Parker route, which begins 150 miles below Hoover Dam and involves pumping the 1,500 second feet over the mountain pass near Banning, was the subject of a very determined attack. It was contended that pumping would be obviated if a slightly longer route were chosen. The engineering wisdom of tunneling under 13 miles of a mountain range was flatly denied. In support of its route the Metropolitan Water District Board adduced the thorough surveys of its own and federal engineers, in which 65 routes were considered, and the substantiation of the final recommendation by consulting engineers in New York. There seems to be no question but that a considerable part of the protest against the Parker route was raised by those who had speculated in land along competing routes.

Naturally enough, the depression was urged as a sufficient reason to discountenance the assumption of so great an indebtedness. However, it was shown that 10,000 wage earners would be kept busy, which would stimulate industry and business. Only American citizens who have resided in the Metropolitan district for at least one year will be eligible for employment, it was announced.

The only increase of taxes will take place the first six years, which is the estimated construction period. During the first 15 years interest payments only will be made. It is said that the increase in taxes on the 2½ billion assessment district will amount to approximately $3.50 a year for the owner of a $7,000 property. After six years the entire revenue will be derived from the sale of water. Although no definite promises have been made, the board will probably sell excess water that the municipalities will not require for an estimated period of five or six years, to farmers along the aqueduct route.

The stupendity of such an engineering and financial undertaking cannot help but intrigue the rest of the country. The governmental and administrative aspects are equally challenging. Here is a district with a periphery of thirty or forty miles (Riverside and San Bernardino, sixty miles from Los Angeles, withdrew before the election). No city may have more than fifty per cent of the votes on the board of the Metropolitan Water District. The district itself was created by a special act of the legislature, which gives it large taxing and administrative powers. Here is the metropolitan area *par excellence!*

The public-private power controversy in Southern California will burn with new fury. At the present time Los Angeles is being torn open by a sweeping investigation of the private power sympathizers on the Commission of the municipal Bureau of Water and Power. Pasadena and one or two smaller municipalities own their own light and power systems. The remainder of the area is served by private companies which are rapidly being drawn into the Pacific power combine. The campaign against

[1] For further description of engineering and governmental phases of the project see "More Water for Southern California" by William P. teGroen, NATIONAL MUNICIPAL REVIEW, August, 1931, p. 441.

the water bonds was a minor squall compared to the storm that will break if this vast new storehouse of power is used to make further inroads into the private electricity business. American individualism is conspicuously absent when Southern California faces a water crisis, but when power is the issue, the faith of the fathers returns again to the land of milk and honey.

MARSHALL E. DIMOCK.
University of California at Los Angeles.

Philadelphia's Dangerous Deficit.—Philadelphia's finances appear to be receiving an unusual amount of attention on the part of bond houses, bond investors, business and civic organizations, and taxpayers in general. Some of this interest, especially that of bond houses and bond investors, arises quite naturally as a result of adverse financial developments in other cities throughout the country, but in large part it is due to Philadelphia's own financial difficulties.

Members of city council and city officials are inclined to place most of the blame for the city's present predicament on delinquent taxpayers. Of course, the increasing tax delinquency of the last few years (for 1930, 16.6 per cent of the tax levy) has contributed heavily toward the existing budgetary difficulties, but the blame should rest primarily upon the mayor, the city controller, and city council. All three have made the city tax rate a football of politics; each has sought political advantage through demands for, or promises of, low taxes; and in various ways each has endeavored to secure the applause of the gallery, to the exclusion of one or both of the others. As a consequence of this, and of the lack of dependable information regarding the city's finances, city council has repeatedly fixed too low a tax rate to meet the city's needs, as expressed in actual expenditures, and the city has been operating under a heavily unbalanced budget during the last few years.

Thus, the years 1929 and 1930 each ended with a general-fund deficit of about $7,000,000, and the current year bids fair to pass a deficit of at least $12,000,000 to $15,000,000 on to 1932. This year the deficit is so large and of such a nature that it is difficult to dodge or to conceal it. The city has reached the limit of its general-fund appropriating power, except for $1,500,000 for unemployment relief, and it is short about $2,000,000 in the appropriations for policemen's and firemen's salaries, to say nothing of shortages in other appropriation items. Since it would be suicidal politically not to pay the policemen and firemen, transfers will doubtless be made from other items to the appropriations for policemen and firemen. They will then be paid, but contractors, manufacturers, and merchants will be made to wait for their money until some time next year.

Not only is the city confronted with difficulties of current financing, but it is facing the possibility that it will not be able to raise money for its extensive capital expenditure program. The most recent official debt and borrowing capacity statement showed that the city had a free borrowing capacity of slightly over $4,000,000, but serious doubts have arisen concerning the accuracy of this statement, especially as to whether all floating debt of the city is included and as to the treatment of deductible self-supporting debt and sinking funds therefor. It may be necessary for the city to repeal a substantial portion of its authorized but unissued loans in order to develop a sufficient borrowing margin to enable it to issue any new bonds.

Continuing the County Reorganization Movement in Ohio.—Plans are now being laid for the continuance of the county reorganization movement in Ohio. The committee which drafted the constitutional amendment submitted to the last session of the legislature has taken the leadership in starting another drive for a county amendment. Having been blocked in the general assembly, the committee feels that the most feasible plan is to present an initiated amendment to the voters a year from this fall. The necessary organization and the detailed form of the proposition remain to be worked out. The present committee, enlarged to make it more representative, will undertake the drafting of a new amendment, and a conference of representatives of the principal organizations interested in the improvement of county government will probably be called by the Ohio Chamber of Commerce early in the winter to consider the problem and effect a definite organization for carrying forward the movement.

Meanwhile, the committee has requested The Ohio Institute, in coöperation with the other governmental research agencies of the state, to undertake a series of studies of county organization and the possibilities of its improvement. A plan of investigation has been formulated by the Institute, which will be followed in a number of representative counties, the Institute studying a

group of sample rural counties and the research agencies in the various large cities covering their own counties.

R. C. Atkinson.

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Pennsylvania's New Water Supply District Law.—The water supply district law, passed by the Pennsylvania legislature at its last session, arose out of the dissatisfaction of the people in the section of the state, known as the "Wyoming Valley," which includes Luzerne and Lackawanna Counties, with water rates to which they were subjected.

There was a general feeling among the people in that area that no relief could be obtained in the adjustment of rates through appeals to the public service commission and the water district law was promoted so that relief could be had by going to the court of common pleas for the establishment of a water supply district as a municipal corporation.

By the law, the courts are given authority to establish such a municipal corporation, upon the petition of at least 2,000 owners of real estate in the proposed district, or of owners in the district equal to at least one half of the assessed value of real estate included in the district.

A district so created may include territory coextensive with the county or parts of two or more counties, which in the opinion of the court can "reasonably" and "conveniently" be created a district. The territory comprising a district need not be contiguous.

A municipal corporation so created is managed by a board of directors of three residents of the district, appointed by the court. The board has authority, by the law, to purchase land and construct property and works thereon for the purpose of supplying water and to acquire for the district the property and works of any company or municipality. The district has the right of eminent domain with the restrictions that no source of supply of water shall be taken without taking also the property or works necessarily dependent upon that source for a supply of water and no municipally owned property and works or any part thereof shall be acquired unless the consent of the majority of the electors of a municipality has been secured.

The board has authority to fix the charges for water and collect tolls, rates and rentals for the same. It possesses authority to levy taxes not to exceed three mills on the assessed valuation of all property within the district taxable for county purposes. Also indebtedness may be incurred and obligations issued bearing interest not to exceed six per cent.

Edward B. Logan.

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Official Backing for Billboard Control in New York.—On July 11, 1931, the New York State Council of Parks "after studying the subject for over two years in coöperation with the state department of public works and with representatives of numerous civic organizations," adopted a resolution "strongly recommending" the passage by the New York legislature of an act to regulate outdoor advertising, the text of which has been issued in a small pamphlet of twelve pages which includes a preliminary statement and five illustrations.

The bill which thus receives official endorsement and backing is the Thompson-Zimmerman bill which was introduced into the New York legislature in March, 1931, word for word except for the date as of which it may take effect. It will be reintroduced at the 1932 session. The bill has the approval of the National Council for Protection of Roadside Beauty, the Garden Club of America and various local New York garden clubs, the Citizens' Union, the Long Island Chamber of Commerce and many other organizations.

The State Council of Parks is a part of the New York state conservation department. Robert Moses is chairman.

On July 15 the above action of the State Council of Parks was approved by Henry Morganthau, Jr., conservation commissioner of New York. The bill is also endorsed by the state department of public works, Frederick Stuart Green, superintendent.

For copies of the pamphlet write to Henry F. Lutz, secretary, State Council of Parks, State Office Building, 80 Center Street, New York City.

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The Fruits of Seattle's Recall Election.—The recall election of Seattle on July 13 (see the August issue of the Review) resulted in the recall of Mayor Edwards by a vote of 35,635 for the recall to 22,032 against. After the election the council appointed one of its members, Robert H. Harlin, former secretary of the Washington State Federation of Labor, as mayor to fill out the unexpired term. The forces behind the recall of Mayor Edwards had groomed another member of the council for the post, and were disappointed by the selection.

Mayor Harlin interpreted the results of the recall election as a demand of the people for a change in administration, and consequently called for the resignation of all members of the board of public works, which is made up of the heads of the following departments: city light, water, streets and sewers, engineering, public building, and public utilities (street railway). He also called for the resignation of the chief of police. New appointments were made to these posts. J. D. Ross, whose removal by Mayor Edwards from the position as director of the city light department brought on the recall election, was immediately restored to that office and later chosen chairman of the board of public works. The new administration brought about a complete turnover of the heads of the important city departments. The new appointments made were of such character as to create a favorable impression throughout the city.

The dissatisfaction with the city government, which was so widespread during the recall election, has quieted down. The movement for the adoption of a city manager charter, started while the recall election was pending, has been postponed. A special committee of the Seattle Municipal League has reported against undertaking an active campaign for the manager plan this year, but has recommended the creation of a permanent committee to draft an optional city manager bill to be presented to the next session of the legislature, and to carry on a campaign of education for the manager plan. The state of Washington has not yet enacted enabling legislation to permit cities to adopt the manager plan, though cities of over 20,000 population are granted home rule by the state constitution and may adopt the manager plan under this power. An optional city manager bill applying to all cities was passed by the 1931 legislature, but was vetoed by the governor. Similar legislation passed by the preceding legislature was also vetoed.

JOSEPH P. HARRIS.

Georgia Consolidates Its Administration.—After about ten years of agitation, administrative reorganization in Georgia is almost an accomplished fact. An act was passed by the Georgia legislature at its 1931 session which consolidates various departments, offices and boards into eighteen principal agencies. Governor Thomas Hardwick started the fight in 1922, when he employed Griffenhagen and Associates to make a survey of the administrative system. However, the legislature failed to respond to his call for consolidation.

In 1926 Lamartine G. Hardman advocated administrative reorganization in his successful campaign for governor. Acting upon his mandate from the people of the state, Governor Hardman urged the legislature at its 1927 session to bring about this much needed reform, but his efforts met with failure.

In the campaign for governor in 1928 Hardman again pressed the reorganization issue and was returned victor by an overwhelming majority. In the spring of 1929 he appointed a commission composed of seventeen men, of whom the author was one, to make a study of the administrative system and work out a plan for consolidation. As a result the Allen plan was drawn up. The governor sent it, along with a proposed enabling act, to the legislature with his recommendations. Nevertheless, the act was killed in the lower house by a vote of 108 to 81.

Speaker Richard B. Russell of the Georgia House of Representatives endorsed consolidation of departments in his successful campaign for governor in 1930. At a special session of the legislature early this year (before Governor Russell was inaugurated) the lower house passed a resolution calling for a committee to study the problem and report a plan for administrative consolidation. The appointment of this committee fell to Mr. Russell, who was still serving as speaker. Gus Huddleston was made chairman. The bill reported by the Huddleston committee called for the reduction of the 102 departments, commissions and boards to sixteen, exclusive of the governor's office. It was passed, substantially as introduced, by the house of representatives on July 22 of this year by a vote of 187 to 6.

Although the bill met with stubborn resistance in the senate, it finally passed that body on August 15 after several amendments had been tacked to it.

A joint committee on conference adjusted the differences between the two houses, the house conferees agreeing to practically all of the senate amendments. As finally enacted, the law sets up eighteen departments, boards or commissions, when the act goes into effect on January 1, 1932.

The success of the reorganization act can be attributed to the leadership of Governor Richard B. Russell. Governor Russell is only thirty-three years of age and is the youngest man to hold this high office in Georgia in a long while. His

service in the house of representatives, first as an ordinary member and then for two terms as speaker, has stood him in good stead. He remained in the background while the fight was on in the legislature, but his leadership was at all times in evidence behind the scenes.

While the reorganization bill is a disappointment to the idealist, still it is a good beginning. It does not eliminate the long ballot—a reform which is much needed in the state. The people still elect almost a score of state administrative officials. It is to be hoped that a more complete consolidation and simplification will be brought about in the next few years.

CULLEN B. GOSNELL.

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The A. C. A. Traveling Convention in the Detroit Region.—The American Civic Association's fifth annual traveling meeting, held in the Detroit region, October 5–9, at times became really a thrilling experience for Detroit attendants, and for those from abroad again convinced everybody as to the concrete value and personal pleasure of this proceeding. Because of superb prearrangements made by the Detroit committee, every available minute, except the hours snatched for sleep, was utilized in a series of daily motor trips, in which eating and traveling were interspersed with inspection of highways, gardens, parks and boulevards, talks by experts, and exchange of personal ideas.

The delegates motored through the unique Bloomfield hills district, with its lakes, hills, stately mansions and gardens, covered the far-famed master-plan highway system of Wayne County, did the beautiful Grosse Pointe "gold coast" region, along Lake Ste. Claire—visiting six wonderful gardens in one afternoon, including that of Edsel Ford who, with his charming wife, personally welcomed the visitors to both home and gardens—and packed into the final day their visit to the home and gardens of Henry Ford, with Mrs. Ford as hostess, the Greenfield village, a trip to the university town of Ann Arbor, and a wind-up discussion of regional planning at the University.

"Everything outdoors which is under governmental control" was one definition of the association's field of study and action; then it appeared that much of the outdoors privately controlled also was in the picture. Roadsides and parks took first place in importance, followed by talks and views on highways and regional planning, billboards, gardens, landscape architecture, and architecture itself. All the big things in the Detroit outdoor area were visited, including the new tunnel and the great Ambassador bridge. Homes and hearts evidently were opened with a spirit of competition in hospitality and attention.

Plans and program details had been most carefully prepared by a local committee of 29 persons, headed by T. Glenn Phillips, a Detroit leader in city planning and landscaping. Of course Miss Harlean James, secretary of the association, was the tactful and efficient director of everything. The list of speakers drew talented persons from Pacific as well as Atlantic coasts.

Problems affecting national as well as local parks were considered, as well as the interests of Washington, the federal city, where, it was predicted, the next annual meeting may be held, along with that of the National Municipal League and allied groups.

W. P. LOVETT.

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New York State Tax Commission Fellowship Awarded for 1931–32.—The fellowship awarded each year by the New York State Tax Commission for research in some aspect of public finance has been granted to H. R. Enslow for the year 1931–32. Mr. Enslow has been teaching at Union College, Schenectady. He will study the relationship of state and national income taxes.